

4/14/16

8:40 A.M.

Chapter No. 397
16/HR43/R976SG
CST 1 6V

HOUSE BILL NO. 899

Originated in House



Clerk

HOUSE BILL NO. 899

AN ACT TO CREATE SECTION 25-11-110, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT UPON THE DEATH OF A MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM THAT OCCURS WHILE THE MEMBER IS PERFORMING CERTAIN QUALIFIED MILITARY SERVICE, THE DECEASED MEMBER'S PERIOD OF QUALIFIED MILITARY SERVICE SHALL BE COUNTED FOR VESTING PURPOSES AND, TO THE EXTENT REQUIRED BY THE INTERNAL REVENUE CODE, THE DECEASED MEMBER'S SURVIVORS ARE ENTITLED TO ANY ADDITIONAL BENEFITS THAT THE SYSTEM WOULD PROVIDE IF THE MEMBER HAD RESUMED EMPLOYMENT AND THEN DIED; TO PROVIDE THAT A MEMBER IN QUALIFIED MILITARY SERVICE WHO IS RECEIVING DIFFERENTIAL WAGE PAYMENTS (WITHIN THE MEANING OF CERTAIN PROVISIONS OF THE INTERNAL REVENUE CODE) FROM AN EMPLOYER SHALL BE TREATED AS EMPLOYED BY THAT EMPLOYER, AND THE DIFFERENTIAL WAGE PAYMENT SHALL BE TREATED AS COMPENSATION FOR PURPOSES OF APPLYING THE LIMITS ON ANNUAL ADDITIONS UNDER CERTAIN PROVISIONS OF THE INTERNAL REVENUE CODE; TO CREATE SECTION 25-11-119.1, MISSISSIPPI CODE OF 1972, TO AUTHORIZE THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO PERFORM ON-SITE COMPLIANCE AUDITS OF EMPLOYERS TO DETERMINE COMPLIANCE WITH REPORTING, CONTRIBUTIONS, AND CERTIFICATION REQUIREMENTS; TO IMPOSE PENALTIES ON EMPLOYERS FOR FAILURE OF THE EMPLOYER TO ALLOW ACCESS, PROVIDE RECORDS OR COMPLY IN ANY WAY WITH SUCH AN AUDIT; TO AUTHORIZE THE WAIVER OF PENALTIES UNDER CERTAIN CIRCUMSTANCES; TO REQUIRE AN EMPLOYER TO REIMBURSE THE SYSTEM FOR THE COST OF AN AUDIT IF THE AUDIT REVEALS AN EMPLOYEE'S FAILURE TO MAKE CERTAIN REQUIRED CONTRIBUTIONS; TO AMEND SECTION 25-11-103, MISSISSIPPI CODE OF 1972, TO REVISE CERTAIN DEFINITIONS RELATING TO THE LAWS GOVERNING THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO REVISE THE DEFINITION OF THE TERM "BENEFICIARY" TO MAKE IT CLEAR THAT, IN THE EVENT THAT A MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM DIES BEFORE RETIREMENT AND THE SPOUSE AND/OR CHILDREN ARE NOT

ENTITLED TO A RETIREMENT ALLOWANCE ON THE BASIS THAT THE DECEASED MEMBER DID NOT HAVE THE REQUISITE NUMBER OF YEARS OF SERVICE, THE TYPE OF SERVICE TO WHICH IS REFERRED IS MEMBERSHIP SERVICE; TO REVISE THE DEFINITION OF THE TERM "CHILD" TO CLARIFY THAT A NATURAL CHILD OF A MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM IS ONE THAT IS CONCEIVED BEFORE THE DEATH OF THE MEMBER; TO AMEND SECTION 25-11-105, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT A MEMBER WHO IS AN EMPLOYEE OF A POLITICAL SUBDIVISION WHO WAS EMPLOYED BY THE POLITICAL SUBDIVISION BEFORE THE SUBDIVISION BECAME COVERED BY THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM MAY MAKE PAYMENTS FOR AND RECEIVE CREDIT FOR SERVICE PRIOR TO SUCH COVERAGE IN INCREMENTS OF NOT LESS THAN ONE MONTH; TO AMEND SECTION 25-11-109, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT CREDITABLE SERVICE FOR MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR PERIODS OF TIME AFTER JULY 1, 2017, SHALL BE AWARDED IN MONTHLY INCREMENTS; TO PROVIDE THAT THE COMPUTATION OF UNUSED LEAVE FOR CREDITABLE SERVICE FOR MEMBERS WHO RETIRE ON OR AFTER JULY 1, 2017, SHALL BE CALCULATED IN MONTHLY INCREMENTS; TO MAKE IT CLEAR THAT LEAVE CREDIT FOR ELECTED OFFICIALS WHO ARE MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM IS IN LIEU OF, AND NOT IN ADDITION TO, LEAVE EARNED WHILE SIMULTANEOUSLY EMPLOYED IN A NONELECTED POSITION IN THE SYSTEM; TO AMEND SECTION 25-11-111, MISSISSIPPI CODE OF 1972, TO CLARIFY THAT A MEMBER'S RETIREMENT BENEFIT PAYMENTS BEGIN THE FIRST DAY OF THE MONTH AFTER THE MEMBER'S APPLICATION FOR BENEFITS IS RECEIVED BY THE BOARD OF TRUSTEES OF THE RETIREMENT SYSTEM; TO AMEND SECTIONS 25-11-111.1, 25-13-11.1 AND 21-29-325, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM SHALL MAKE PAYMENTS OF RETIREMENT BENEFITS TO MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, THE MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM AND MUNICIPAL RETIREMENT SYSTEMS BY WHATEVER MEANS THE BOARD OF TRUSTEES PRESCRIBES BY REGULATION TO BE THE MOST APPROPRIATE FOR PROPER AND EFFICIENT PAYMENT OF BENEFITS; TO PROVIDE THAT THE BOARD OF TRUSTEES MAY PROVIDE FOR ALTERNATIVE MEANS OF PAYMENT IN CERTAIN CIRCUMSTANCES; TO AMEND SECTION 25-11-113, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT IF A MEMBER WHO HAS BEEN APPROVED FOR A DISABILITY RETIREMENT ALLOWANCE DOES NOT TERMINATE STATE SERVICE WITHIN 90 DAYS AFTER APPROVAL, THE DISABILITY RETIREMENT AND THE APPLICATION FOR DISABILITY RETIREMENT SHALL BE VOID; TO PROVIDE THAT A MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM WHO APPLIES FOR A DISABILITY RETIREMENT ALLOWANCE MUST PROVIDE SUFFICIENT OBJECTIVE MEDICAL EVIDENCE IN SUPPORT OF THE CLAIM AND TO DEFINE "OBJECTIVE MEDICAL EVIDENCE"; TO PROVIDE THAT APPLICATIONS FOR DISABILITY RETIREMENT MUST BE FILED WITHIN ONE YEAR AFTER TERMINATION FROM ACTIVE

SERVICE AND TO PROVIDE FOR EXTENSIONS OF SUCH PERIOD UNDER CERTAIN CIRCUMSTANCES; TO AMEND SECTION 25-11-114, MISSISSIPPI CODE OF 1972, TO MAKE IT CLEAR THAT IF A MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM DIES BEFORE BEING QUALIFIED FOR A FULL, UNREDUCED RETIREMENT ALLOWANCE, THE REDUCTION FACTOR FOR THE ANNUITY OF THE SURVIVING SPOUSE SHALL BE BASED ON THE NUMBER OF YEARS THAT WOULD HAVE BEEN REQUIRED FOR THE DECEASED MEMBER TO QUALIFY FOR A FULL, UNREDUCED RETIREMENT ALLOWANCE; TO PROVIDE THAT THE EXTENSION OF THE AGE LIMITATION UNDER THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR BEING A DEPENDENT THAT IS EXTENDED TO THE JULY 1 AFTER ATTAINING AGE 23 SHALL APPLY ONLY TO STUDENT CHILDREN RECEIVING A RETIREMENT ALLOWANCE AS OF JUNE 30, 2016; TO MAKE IT CLEAR THAT IN ORDER FOR BENEFITS FOR A DEATH OR DISABILITY THAT OCCURS IN THE PERFORMANCE OF DUTY TO BE PAYABLE, THE DEATH OR DISABILITY MUST HAVE BEEN AS A DIRECT RESULT OF A PHYSICAL INJURY SUSTAINED FROM AN ACCIDENT OR A TRAUMATIC EVENT CAUSED BY EXTERNAL VIOLENCE OR PHYSICAL FORCE OCCURRING IN THE PERFORMANCE OF DUTY; TO AMEND SECTION 25-13-13, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THE EXTENSION OF THE AGE LIMITATION FOR BEING A DEPENDENT UNDER THE MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM THAT IS EXTENDED TO THE JULY 1 AFTER ATTAINING AGE 23 SHALL APPLY ONLY TO STUDENT CHILDREN RECEIVING A RETIREMENT ALLOWANCE AS OF JUNE 30, 2016; TO AMEND SECTION 25-11-115, MISSISSIPPI CODE OF 1972, TO ESTABLISH A DEADLINE OF ONE YEAR FROM THE DATE OF THE MARRIAGE FOR A RETIREE TO CHANGE FROM OPTION 1 TO OPTION 2 OR 4-A TO PROVIDE A LIFETIME BENEFIT FOR A NEW SPOUSE; TO AMEND SECTIONS 25-11-117, 25-11-311 AND 25-13-21, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, THE SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN AND THE HIGHWAY SAFETY PATROL RETIREMENT SYSTEM WHO HAVE RECEIVED A REFUND OF THEIR CONTRIBUTIONS AND REENTER STATE SERVICE MAY PURCHASE THE CREDITABLE SERVICE THAT WAS COVERED BY THE REFUND IN INCREMENTS OF NOT LESS THAN ONE MONTH; TO AMEND SECTION 25-13-11, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT IN THE CASE OF THE RETIREMENT OF ANY MEMBER OF THE HIGHWAY SAFETY PATROL RETIREMENT SYSTEM PRIOR TO THE AGE OF ATTAINING 55, THE EMPLOYER'S ANNUITY AND PRIOR SERVICE ANNUITY SHALL BE REDUCED BY AN ACTUARIALLY DETERMINED FACTOR FOR EACH YEAR OF AGE BELOW 55 OR EACH YEAR OF SERVICE BELOW 25, WHICHEVER IS LESSER; TO AMEND SECTIONS 25-11-141, 25-15-3, 25-15-9, 25-15-11, 25-15-14 AND 25-15-15, MISSISSIPPI CODE OF 1972, TO REMOVE CERTAIN PROVISIONS REGARDING THE IMPLEMENTATION OF A PLAN OF HEALTH INSURANCE DESIGNED BY THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO REPEAL SECTIONS 25-11-143 AND 25-11-145, MISSISSIPPI CODE OF 1972, WHICH REQUIRE THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES'

RETIREMENT SYSTEM TO DESIGN A PLAN OF HEALTH INSURANCE FOR ALL CURRENT AND FUTURE RETIREES AND PROVIDE WHEN SUCH PLAN SHALL BE IMPLEMENTED; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. The following shall be codified as Section 25-11-110, Mississippi Code of 1972:

25-11-110. (1) With respect to the death of a member that occurs while the member is performing qualified military service within the meaning of Section 414(u) of the Internal Revenue Code:

(a) The deceased member's period of qualified military service must be counted for vesting purposes.

(b) To the extent required by Section 401(a)(37) of the Internal Revenue Code, the deceased member's survivors are entitled to any additional benefits that the system would provide if the member had resumed employment and then died, such as those purchase rights the deceased member could have exercised under Section 25-11-109(7).

(2) To the extent required by Section 414(u)(12) of the Internal Revenue Code, a member receiving differential wage payments within the meaning of Section 3401(h)(2) of the Internal Revenue Code from an employer shall be treated as employed by that employer, and the differential wage payment shall be treated as compensation for purposes of applying the limits on an annual addition under Section 415(c) of the Internal Revenue Code. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

SECTION 2. The following provision shall be codified as Section 25-11-119.1, Mississippi Code of 1972:

25-11-119.1. (1) (a) The system may perform on-site compliance audits of employers to determine compliance with reporting, contributions, and certification requirements under this title.

(b) The system may request records to be provided by the employer at the time of the audit.

(c) Audits shall be conducted at the sole discretion of the system after reasonable notice to the employer of at least five (5) working days.

(d) The employer shall extract and provide records as requested by the office in an appropriate, organized and usable format.

(e) Failure of an employer to allow access, provide records or comply in any way with an audit by the system under this section shall result in the employer being liable to the system for:

(i) Any liabilities and expenses, including administrative expenses and travel expenses, resulting from the employer's failure to comply with the audit; and

(ii) A penalty equal to one percent (1%) of the employer's contribution for the month preceding the notification of the audit.

(2) If the audit reveals an employer's failure to make contributions as required under Section 25-11-124, a failure to correctly report eligibility as required under Section 25-11-103(s), or a failure to maintain records as required under the rules and regulations of the system, the employer shall reimburse the system for the cost of the audit.

(3) The executive director may waive all or any part of the penalties and expenses if the executive director finds there were extenuating circumstances surrounding the employer's failure to comply with this section.

SECTION 3. Section 25-11-103, Mississippi Code of 1972, is amended as follows:

25-11-103. The following words and phrases as used in Articles 1 and 3, unless a different meaning is plainly required by the context, have the following meanings:

(a) "Accumulated contributions" means the sum of all the amounts deducted from the compensation of a member and credited to his or her individual account in the annuity savings account, together with regular interest as provided in Section 25-11-123.

(b) "Actuarial cost" means the amount of funds presently required to provide future benefits as determined by the board based on applicable tables and formulas provided by the actuary.

(c) "Actuarial equivalent" means a benefit of equal value to the accumulated contributions, annuity or benefit, as the case may be, when computed upon the basis of such mortality tables as adopted by the board of trustees, and regular interest.

(d) "Actuarial tables" means such tables of mortality and rates of interest as adopted by the board in accordance with the recommendation of the actuary.

(e) "Agency" means any governmental body employing persons in the state service.

(f) "Average compensation" means the average of the four (4) highest years of earned compensation reported for an employee in a fiscal or calendar year period, or combination thereof that do not overlap, or the last forty-eight (48) consecutive months of earned compensation reported for an employee. The four (4) years need not be successive or joined years of service. In computing the average compensation for retirement, disability or survivor benefits, any amount lawfully paid in a lump sum for personal leave or major medical leave shall be included in the calculation to the extent that the amount does not exceed an amount that is equal to thirty (30) days of earned compensation and to the extent that it does not cause the employee's earned compensation to exceed the maximum reportable amount specified in paragraph (k) of this section; however, this thirty-day limitation shall not prevent the inclusion in the calculation of leave earned under federal regulations before July

1, 1976, and frozen as of that date as referred to in Section 25-3-99. In computing the average compensation, no amounts shall be used that are in excess of the amount on which contributions were required and paid, and no nontaxable amounts paid by the employer for health or life insurance premiums for the employee shall be used. If any member who is or has been granted any increase in annual salary or compensation of more than eight percent (8%) retires within twenty-four (24) months from the date that the increase becomes effective, then the board shall exclude that part of the increase in salary or compensation that exceeds eight percent (8%) in calculating that member's average compensation for retirement purposes. The board may enforce this provision by rule or regulation. However, increases in compensation in excess of eight percent (8%) per year granted within twenty-four (24) months of the date of retirement may be included in the calculation of average compensation if satisfactory proof is presented to the board showing that the increase in compensation was the result of an actual change in the position held or services rendered, or that the compensation increase was authorized by the State Personnel Board or was increased as a result of statutory enactment, and the employer furnishes an affidavit stating that the increase granted within the last twenty-four (24) months was not contingent on a promise or agreement of the employee to retire. Nothing in Section 25-3-31 shall affect the calculation of the average compensation

of any member for the purposes of this article. The average compensation of any member who retires before July 1, 1992, shall not exceed the annual salary of the Governor.

(g) "Beneficiary" means any person entitled to receive a retirement allowance, an annuity or other benefit as provided by Articles 1 and 3. The term "beneficiary" may also include an organization, estate, trust or entity; however, a beneficiary designated or entitled to receive monthly payments under an optional settlement based on life contingency or under a statutory monthly benefit may only be a natural person. In the event of the death before retirement of any member who became a member of the system before July 1, 2007, and whose spouse and/or children are not entitled to a retirement allowance on the basis that the member has less than four (4) years of membership service credit, or who became a member of the system on or after July 1, 2007, and whose spouse and/or children are not entitled to a retirement allowance on the basis that the member has less than eight (8) years of membership service credit, and/or has not been married for a minimum of one (1) year or the spouse has waived his or her entitlement to a retirement allowance under Section 25-11-114, the lawful spouse of a member at the time of the death of the member shall be the beneficiary of the member unless the member has designated another beneficiary after the date of marriage in writing, and filed that writing in the office of the executive

director of the board of trustees. No designation or change of beneficiary shall be made in any other manner.

(h) "Board" means the board of trustees provided in Section 25-11-15 to administer the retirement system created under this article.

(i) "Creditable service" means "prior service," "retroactive service" and all lawfully credited unused leave not exceeding the accrual rates and limitations provided in Section 25-3-91 et seq., as of the date of withdrawal from service plus "membership service" and other service for which credit is allowable as provided in Section 25-11-109. Except to limit creditable service reported to the system for the purpose of computing an employee's retirement allowance or annuity or benefits provided in this article, nothing in this paragraph shall limit or otherwise restrict the power of the governing authority of a municipality or other political subdivision of the state to adopt such vacation and sick leave policies as it deems necessary.

(j) "Child" means either a natural child of the member, a child that has been made a child of the member by applicable court action before the death of the member, or a child under the permanent care of the member at the time of the latter's death, which permanent care status shall be determined by evidence satisfactory to the board. For purposes of this paragraph, a natural child of the member is a child of the member that is conceived before the death of the member.

(k) "Earned compensation" means the full amount earned during a fiscal year by an employee not to exceed the employee compensation limit set pursuant to Section 401(a)(17) of the Internal Revenue Code for the calendar year in which the fiscal year begins and proportionately for less than one (1) year of service. Except as otherwise provided in this paragraph, the value of maintenance furnished to an employee shall not be included in earned compensation. Earned compensation shall not include any amounts paid by the employer for health or life insurance premiums for an employee. Earned compensation shall be limited to the regular periodic compensation paid, exclusive of litigation fees, bond fees, performance-based incentive payments, and other similar extraordinary nonrecurring payments. In addition, any member in a covered position, as defined by Public Employees' Retirement System laws and regulations, who is also employed by another covered agency or political subdivision shall have the earnings of that additional employment reported to the Public Employees' Retirement System regardless of whether the additional employment is sufficient in itself to be a covered position. In addition, computation of earned compensation shall be governed by the following:

(i) In the case of constables, the net earnings from their office after deduction of expenses shall apply, except that in no case shall earned compensation be less than the total

direct payments made by the state or governmental subdivisions to the official.

(ii) In the case of chancery or circuit clerks, the net earnings from their office after deduction of expenses shall apply as expressed in Section 25-11-123(f)(4).

(iii) In the case of members of the State Legislature, all remuneration or amounts paid, except mileage allowance, shall apply.

(iv) The amount by which an eligible employee's salary is reduced under a salary reduction agreement authorized under Section 25-17-5 shall be included as earned compensation under this paragraph, provided this inclusion does not conflict with federal law, including federal regulations and federal administrative interpretations under the federal law, pertaining to the Federal Insurance Contributions Act or to Internal Revenue Code Section 125 cafeteria plans.

(v) Compensation in addition to an employee's base salary that is paid to the employee under the vacation and sick leave policies of a municipality or other political subdivision of the state that employs him or her that exceeds the maximums authorized by Section 25-3-91 et seq. shall be excluded from the calculation of earned compensation under this article.

(vi) The maximum salary applicable for retirement purposes before July 1, 1992, shall be the salary of the Governor.

(vii) Nothing in Section 25-3-31 shall affect the determination of the earned compensation of any member for the purposes of this article.

(viii) The value of maintenance furnished to an employee before July 1, 2013, for which the proper amount of employer and employee contributions have been paid, shall be included in earned compensation. From and after July 1, 2013, the value of maintenance furnished to an employee shall be reported as earned compensation only if the proper amount of employer and employee contributions have been paid on the maintenance and the employee was receiving maintenance and having maintenance reported to the system as of June 30, 2013. The value of maintenance when not paid in money shall be fixed by the employing state agency, and, in case of doubt, by the board of trustees as defined in Section 25-11-15.

(ix) Except as otherwise provided in this paragraph, the value of any in-kind benefits provided by the employer shall not be included in earned compensation. As used in this subparagraph, "in-kind benefits" shall include, but not be limited to, group life insurance premiums, health or dental insurance premiums, nonpaid major medical and personal leave, employer contributions for social security and retirement, tuition reimbursement or educational funding, day care or transportation benefits.

(l) "Employee" means any person legally occupying a position in the state service, and shall include the employees of the retirement system created under this article.

(m) "Employer" means the State of Mississippi or any of its departments, agencies or subdivisions from which any employee receives his or her compensation.

(n) "Executive director" means the secretary to the board of trustees, as provided in Section 25-11-15(9), and the administrator of the Public Employees' Retirement System and all systems under the management of the board of trustees. Wherever the term "Executive Secretary of the Public Employees' Retirement System" or "executive secretary" appears in this article or in any other provision of law, it shall be construed to mean the Executive Director of the Public Employees' Retirement System.

(o) "Fiscal year" means the period beginning on July 1 of any year and ending on June 30 of the next succeeding year.

(p) "Medical board" means the board of physicians or any governmental or nongovernmental disability determination service designated by the board of trustees that is qualified to make disability determinations as provided for in Section 25-11-119.

(q) "Member" means any person included in the membership of the system as provided in Section 25-11-105. For purposes of Sections 25-11-103, 25-11-105, 25-11-109, 25-11-111, 25-11-113, 25-11-114, 25-11-115 and 25-11-117, if a member of the

system withdrew from state service and received a refund of the amount of the accumulated contributions to the credit of the member in the annuity savings account before July 1, 2007, and the person reenters state service and becomes a member of the system again on or after July 1, 2007, and repays all or part of the amount received as a refund and interest in order to receive creditable service for service rendered before July 1, 2007, the member shall be considered to have become a member of the system on or after July 1, 2007, subject to the eight-year membership service requirement, as applicable in those sections. For purposes of Sections 25-11-103, 25-11-111, 25-11-114 and 25-11-115, if a member of the system withdrew from state service and received a refund of the amount of the accumulated contributions to the credit of the member in the annuity savings account before July 1, 2011, and the person reenters state service and becomes a member of the system again on or after July 1, 2011, and repays all or part of the amount received as a refund and interest in order to receive creditable service for service rendered before July 1, 2011, the member shall be considered to have become a member of the system on or after July 1, 2011.

(r) "Membership service" means service as an employee in a covered position rendered while a contributing member of the retirement system.

(s) "Position" means any office or any employment in the state service, or two (2) or more of them, the duties of which

call for services to be rendered by one (1) person, including positions jointly employed by federal and state agencies administering federal and state funds. The employer shall determine upon initial employment and during the course of employment of an employee who does not meet the criteria for coverage in the Public Employees' Retirement System based on the position held, whether the employee is or becomes eligible for coverage in the Public Employees' Retirement System based upon any other employment in a covered agency or political subdivision. If or when the employee meets the eligibility criteria for coverage in the other position, then the employer must withhold contributions and report wages from the noncovered position in accordance with the provisions for reporting of earned compensation. Failure to deduct and report those contributions shall not relieve the employee or employer of liability thereof. The board shall adopt such rules and regulations as necessary to implement and enforce this provision.

(t) "Prior service" means:

(i) For persons who became members of the system before July 1, 2007, service rendered before February 1, 1953, for which credit is allowable under Sections 25-11-105 and 25-11-109, and which shall allow prior service for any person who is now or becomes a member of the Public Employees' Retirement System and who does contribute to the system for a minimum period of four (4) years.

(ii) For persons who became members of the system on or after July 1, 2007, service rendered before February 1, 1953, for which credit is allowable under Sections 25-11-105 and 25-11-109, and which shall allow prior service for any person who is now or becomes a member of the Public Employees' Retirement System and who does contribute to the system for a minimum period of eight (8) years.

(u) "Regular interest" means interest compounded annually at such a rate as determined by the board in accordance with Section 25-11-121.

(v) "Retirement allowance" means an annuity for life as provided in this article, payable each year in twelve (12) equal monthly installments beginning as of the date fixed by the board. The retirement allowance shall be calculated in accordance with Section 25-11-111. However, any spouse who received a spouse retirement benefit in accordance with Section 25-11-111(d) before March 31, 1971, and those benefits were terminated because of eligibility for a social security benefit, may again receive his or her spouse retirement benefit from and after making application with the board of trustees to reinstate the spouse retirement benefit.

(w) "Retroactive service" means service rendered after February 1, 1953, for which credit is allowable under Section 25-11-105(b) and Section 25-11-105(k).

(x) "System" means the Public Employees' Retirement System of Mississippi established and described in Section 25-11-101.

(y) "State" means the State of Mississippi or any political subdivision thereof or instrumentality of the state.

(z) "State service" means all offices and positions of trust or employment in the employ of the state, or any political subdivision or instrumentality of the state, that elect to participate as provided by Section 25-11-105(f), including the position of elected or fee officials of the counties and their deputies and employees performing public services or any department, independent agency, board or commission thereof, and also includes all offices and positions of trust or employment in the employ of joint state and federal agencies administering state and federal funds and service rendered by employees of the public schools. Effective July 1, 1973, all nonprofessional public school employees, such as bus drivers, janitors, maids, maintenance workers and cafeteria employees, shall have the option to become members in accordance with Section 25-11-105(b), and shall be eligible to receive credit for services before July 1, 1973, provided that the contributions and interest are paid by the employee in accordance with that section; in addition, the county or municipal separate school district may pay the employer contribution and pro rata share of interest of the retroactive service from available funds. From and after July 1, 1998,

retroactive service credit shall be purchased at the actuarial cost in accordance with Section 25-11-105(b).

(aa) "Withdrawal from service" or "termination from service" means complete severance of employment in the state service of any member by resignation, dismissal or discharge.

(bb) The masculine pronoun, wherever used, includes the feminine pronoun.

SECTION 4. Section 25-11-105, Mississippi Code of 1972, is amended as follows:

25-11-105. I. THOSE WHO ARE ELIGIBLE FOR MEMBERSHIP

The membership of this retirement system shall be composed as follows:

(a) (i) All persons who become employees in the state service after January 31, 1953, and whose wages are subject to payroll taxes and are lawfully reported on IRS Form W-2, except those specifically excluded, or as to whom election is provided in Articles 1 and 3, shall become members of the retirement system as a condition of their employment.

(ii) From and after July 1, 2002, any individual who is employed by a governmental entity to perform professional services shall become a member of the system if the individual is paid regular periodic compensation for those services that is subject to payroll taxes, is provided all other employee benefits and meets the membership criteria established by the regulations adopted by the board of trustees that apply to all other members

of the system; however, any active member employed in such a position on July 1, 2002, will continue to be an active member for as long as they are employed in any such position.

(b) All persons who become employees in the state service after January 31, 1953, except those specifically excluded or as to whom election is provided in Articles 1 and 3, unless they file with the board before the lapse of sixty (60) days of employment or sixty (60) days after the effective date of the cited articles, whichever is later, on a form prescribed by the board, a notice of election not to be covered by the membership of the retirement system and a duly executed waiver of all present and prospective benefits that would otherwise inure to them on account of their participation in the system, shall become members of the retirement system; however, no credit for prior service will be granted to members who became members of the system before July 1, 2007, until they have contributed to Article 3 of the retirement system for a minimum period of at least four (4) years, or to members who became members of the system on or after July 1, 2007, until they have contributed to Article 3 of the retirement system for a minimum period of at least eight (8) years. Those members shall receive credit for services performed before January 1, 1953, in employment now covered by Article 3, but no credit shall be granted for retroactive services between January 1, 1953, and the date of their entry into the retirement system, unless the employee pays into the retirement system both the employer's and

the employee's contributions on wages paid him during the period from January 31, 1953, to the date of his becoming a contributing member, together with interest at the rate determined by the board of trustees. Members reentering after withdrawal from service shall qualify for prior service under the provisions of Section 25-11-117. From and after July 1, 1998, upon eligibility as noted above, the member may receive credit for such retroactive service provided:

(i) The member shall furnish proof satisfactory to the board of trustees of certification of that service from the covered employer where the services were performed; and

(ii) The member shall pay to the retirement system on the date he or she is eligible for that credit or at any time thereafter before the date of retirement the actuarial cost for each year of that creditable service. The provisions of this subparagraph (ii) shall be subject to the limitations of Section 415 of the Internal Revenue Code and regulations promulgated under Section 415.

Nothing contained in this paragraph (b) shall be construed to limit the authority of the board to allow the correction of reporting errors or omissions based on the payment of the employee and employer contributions plus applicable interest.

(c) All persons who become employees in the state service after January 31, 1953, and who are eligible for membership in any other retirement system shall become members of

this retirement system as a condition of their employment, unless they elect at the time of their employment to become a member of that other system.

(d) All persons who are employees in the state service on January 31, 1953, and who are members of any nonfunded retirement system operated by the State of Mississippi, or any of its departments or agencies, shall become members of this system with prior service credit unless, before February 1, 1953, they file a written notice with the board of trustees that they do not elect to become members.

(e) All persons who are employees in the state service on January 31, 1953, and who under existing laws are members of any fund operated for the retirement of employees by the State of Mississippi, or any of its departments or agencies, shall not be entitled to membership in this retirement system unless, before February 1, 1953, any such person indicates by a notice filed with the board, on a form prescribed by the board, his individual election and choice to participate in this system, but no such person shall receive prior service credit unless he becomes a member on or before February 1, 1953.

(f) Each political subdivision of the state and each instrumentality of the state or a political subdivision, or both, is authorized to submit, for approval by the board of trustees, a plan for extending the benefits of this article to employees of any such political subdivision or instrumentality. Each such plan

or any amendment to the plan for extending benefits thereof shall be approved by the board of trustees if it finds that the plan, or the plan as amended, is in conformity with such requirements as are provided in Articles 1 and 3; however, upon approval of the plan or any such plan previously approved by the board of trustees, the approved plan shall not be subject to cancellation or termination by the political subdivision or instrumentality, except that any community hospital serving a municipality that joined the Public Employees' Retirement System as of November 1, 1956, to offer social security coverage for its employees and later extended retirement annuity coverage to its employees as of December 1, 1965, may, upon documentation of extreme financial hardship, have future retirement annuity coverage cancelled or terminated at the discretion of the board of trustees. No such plan shall be approved unless:

(i) It provides that all services that constitute employment as defined in Section 25-11-5 and are performed in the employ of the political subdivision or instrumentality, by any employees thereof, shall be covered by the plan, with the exception of municipal employees who are already covered by existing retirement plans; however, those employees in this class may elect to come under the provisions of this article;

(ii) It specifies the source or sources from which the funds necessary to make the payments required by paragraph (d) of Section 25-11-123 and of paragraph (f)(v)2 and 3 of this

section are expected to be derived and contains reasonable assurance that those sources will be adequate for that purpose;

(iii) It provides for such methods of administration of the plan by the political subdivision or instrumentality as are found by the board of trustees to be necessary for the proper and efficient administration thereof;

(iv) It provides that the political subdivision or instrumentality will make such reports, in such form and containing such information, as the board of trustees may from time to time require;

(v) It authorizes the board of trustees to terminate the plan in its entirety in the discretion of the board if it finds that there has been a failure to comply substantially with any provision contained in the plan, the termination to take effect at the expiration of such notice and on such conditions as may be provided by regulations of the board and as may be consistent with applicable federal law.

1. The board of trustees shall not finally refuse to approve a plan submitted under paragraph (f), and shall not terminate an approved plan without reasonable notice and opportunity for hearing to each political subdivision or instrumentality affected by the board's decision. The board's decision in any such case shall be final, conclusive and binding unless an appeal is taken by the political subdivision or instrumentality aggrieved by the decision to the Circuit Court of

the First Judicial District of Hinds County, Mississippi, in accordance with the provisions of law with respect to civil causes by certiorari.

2. Each political subdivision or instrumentality as to which a plan has been approved under this section shall pay into the contribution fund, with respect to wages (as defined in Section 25-11-5), at such time or times as the board of trustees may by regulation prescribe, contributions in the amounts and at the rates specified in the applicable agreement entered into by the board.

3. Every political subdivision or instrumentality required to make payments under paragraph (f)(v)2 of this section is authorized, in consideration of the employees' retention in or entry upon employment after enactment of Articles 1 and 3, to impose upon its employees, as to services that are covered by an approved plan, a contribution with respect to wages (as defined in Section 25-11-5) not exceeding the amount provided in Section 25-11-123(d) if those services constituted employment within the meaning of Articles 1 and 3, and to deduct the amount of the contribution from the wages as and when paid. Contributions so collected shall be paid into the contribution fund as partial discharge of the liability of the political subdivisions or instrumentalities under paragraph (f)(v)2 of this section. Failure to deduct the contribution shall not relieve the employee or employer of liability for the contribution.

4. Any state agency, school, political subdivision, instrumentality or any employer that is required to submit contribution payments or wage reports under any section of this chapter shall be assessed interest on delinquent payments or wage reports as determined by the board of trustees in accordance with rules and regulations adopted by the board and delinquent payments, assessed interest and any other amount certified by the board as owed by an employer, may be recovered by action in a court of competent jurisdiction against the reporting agency liable therefor or may, upon due certification of delinquency and at the request of the board of trustees, be deducted from any other monies payable to the reporting agency by any department or agency of the state.

5. Each political subdivision of the state and each instrumentality of the state or a political subdivision or subdivisions that submit a plan for approval of the board, as provided in this section, shall reimburse the board for coverage into the expense account, its pro rata share of the total expense of administering Articles 1 and 3 as provided by regulations of the board.

(g) The board may, in its discretion, deny the right of membership in this system to any class of employees whose compensation is only partly paid by the state or who are occupying positions on a part-time or intermittent basis. The board may, in

its discretion, make optional with employees in any such classes their individual entrance into this system.

(h) An employee whose membership in this system is contingent on his own election, and who elects not to become a member, may thereafter apply for and be admitted to membership; but no such employee shall receive prior service credit unless he becomes a member before July 1, 1953, except as provided in paragraph (b).

(i) If any member of this system changes his employment to any agency of the state having an actuarially funded retirement system, the board of trustees may authorize the transfer of the member's creditable service and of the present value of the member's employer's accumulation account and of the present value of the member's accumulated membership contributions to that other system, provided that the employee agrees to the transfer of his accumulated membership contributions and provided that the other system is authorized to receive and agrees to make the transfer.

If any member of any other actuarially funded system maintained by an agency of the state changes his employment to an agency covered by this system, the board of trustees may authorize the receipt of the transfer of the member's creditable service and of the present value of the member's employer's accumulation account and of the present value of the member's accumulated membership contributions from the other system, provided that the employee agrees to the transfer of his accumulated membership

contributions to this system and provided that the other system is authorized and agrees to make the transfer.

(j) Wherever state employment is referred to in this section, it includes joint employment by state and federal agencies of all kinds.

(k) Employees of a political subdivision or instrumentality who were employed by the political subdivision or instrumentality before an agreement between the entity and the Public Employees' Retirement System to extend the benefits of this article to its employees, and which agreement provides for the establishment of retroactive service credit, and who became members of the retirement system before July 1, 2007, and have remained contributors to the retirement system for four (4) years, or who became members of the retirement system on or after July 1, 2007, and have remained contributors to the retirement system for eight (8) years, may receive credit for that retroactive service with the political subdivision or instrumentality, provided that the employee and/or employer, as provided under the terms of the modification of the joinder agreement in allowing that coverage, pay into the retirement system the employer's and employee's contributions on wages paid the member during the previous employment, together with interest or actuarial cost as determined by the board covering the period from the date the service was rendered until the payment for the credit for the service was made. Those wages shall be verified by the Social Security

Administration or employer payroll records. Effective July 1, 1998, upon eligibility as noted above, a member may receive credit for that retroactive service with the political subdivision or instrumentality provided:

(i) The member shall furnish proof satisfactory to the board of trustees of certification of those services from the political subdivision or instrumentality where the services were rendered or verification by the Social Security Administration; and

(ii) The member shall pay to the retirement system on the date he or she is eligible for that credit or at any time thereafter before the date of retirement the actuarial cost for each year of that creditable service. The provisions of this subparagraph (ii) shall be subject to the limitations of Section 415 of the Internal Revenue Code and regulations promulgated under Section 415.

Nothing contained in this paragraph (k) shall be construed to limit the authority of the board to allow the correction of reporting errors or omissions based on the payment of employee and employer contributions plus applicable interest. Payment for that time shall be made in increments of not less than * * * one (1) month of creditable service beginning with the most recent service. Upon the payment of all or part of the required contributions, plus interest or the actuarial cost as provided above, the member shall receive credit for the period of

creditable service for which full payment has been made to the retirement system.

(l) Through June 30, 1998, any state service eligible for retroactive service credit, no part of which has ever been reported, and requiring the payment of employee and employer contributions plus interest, or, from and after July 1, 1998, any state service eligible for retroactive service credit, no part of which has ever been reported to the retirement system, and requiring the payment of the actuarial cost for that creditable service, may, at the member's option, be purchased in quarterly increments as provided above at the time that its purchase is otherwise allowed.

(m) All rights to purchase retroactive service credit or repay a refund as provided in Section 25-11-101 et seq. shall terminate upon retirement.

II. THOSE WHO ARE NOT ELIGIBLE FOR MEMBERSHIP

The following classes of employees and officers shall not become members of this retirement system, any other provisions of Articles 1 and 3 to the contrary notwithstanding:

(a) Patient or inmate help in state charitable, penal or correctional institutions;

(b) Students of any state educational institution employed by any agency of the state for temporary, part-time or intermittent work;

(c) Participants of Comprehensive Employment and Training Act of 1973 (CETA) being Public Law 93-203, who enroll on or after July 1, 1979;

(d) From and after July 1, 2002, individuals who are employed by a governmental entity to perform professional service on less than a full-time basis who do not meet the criteria established in I(a)(ii) of this section.

III. TERMINATION OF MEMBERSHIP

Membership in this system shall cease by a member withdrawing his accumulated contributions, or by a member withdrawing from active service with a retirement allowance, or by a member's death.

SECTION 5. Section 25-11-109, Mississippi Code of 1972, is amended as follows:

25-11-109. (1) Under such rules and regulations as the board of trustees shall adopt, each person who becomes a member of this retirement system, as provided in Section 25-11-105, on or before July 1, 1953, or who became a member of the system before July 1, 2007, and contributes to the system for a minimum period of four (4) years, or who became a member of the system on or after July 1, 2007, and contributes to the system for a minimum period of eight (8) years, shall receive credit for all state service rendered before February 1, 1953. To receive that credit, the member shall file a detailed statement of all services as an employee rendered by him in the state service before February 1,

1953. For any member who joined the system after July 1, 1953, and before July 1, 2007, any creditable service for which the member is not required to make contributions shall not be credited to the member until the member has contributed to the system for a minimum period of at least four (4) years. For any member who joined the system on or after July 1, 2007, any creditable service for which the member is not required to make contributions shall not be credited to the member until the member has contributed to the system for a minimum period of at least eight (8) years.

(2) (a) (i) In the computation of creditable service for service rendered before July 1, 2017, under the provisions of this article, the total months of accumulative service during any fiscal year shall be calculated in accordance with the schedule as follows: ten (10) or more months of creditable service during any fiscal year shall constitute a year of creditable service; seven (7) months to nine (9) months inclusive, three-quarters ($3/4$) of a year of creditable service; four (4) months to six (6) months inclusive, * * * one-half ($1/2$) year of creditable service; one (1) month to three (3) months inclusive, one-quarter ($1/4$) of a year of creditable service.

(ii) In the computation of creditable service rendered on or after July 1, 2017, under the provisions of this article, service credit shall be awarded in monthly increments in a manner prescribed by regulations of the board.

(b) In no case shall credit be allowed for any period of absence without compensation except for disability while in receipt of a disability retirement allowance, nor shall less than fifteen (15) days of service in any month, or service less than the equivalent of one-half (1/2) of the normal working load for the position and less than one-half (1/2) of the normal compensation for the position in any month, constitute a month of creditable service, nor shall more than one (1) year of service be creditable for all services rendered in any one (1) fiscal year; however, for a school employee, substantial completion of the legal school term when and where the service was rendered shall constitute a year of service credit. Any state or local elected official shall be deemed a full-time employee for the purpose of creditable service. However, an appointed or elected official compensated on a per diem basis only shall not be allowed creditable service for terms of office.

(c) In the computation of any retirement allowance or any annuity or benefits provided in this article, any fractional period of service of less than one (1) year shall be taken into account and a proportionate amount of such retirement allowance, annuity or benefit shall be granted for any such fractional period of service.

(d) (i) In the computation of unused leave for creditable service authorized in Section 25-11-103, the following shall govern for members who retire before July 1, 2017:

twenty-one (21) days of unused leave shall constitute one (1) month of creditable service and in no case shall credit be allowed for any period of unused leave of less than fifteen (15) days. The number of months of unused leave shall determine the number of quarters or years of creditable service in accordance with the above schedule for membership and prior service.

(ii) In the computation of unused leave for creditable service authorized in Section 25-11-103, the following shall govern for members who retire on or after July 1, 2017: creditable service for unused leave shall be calculated in monthly increments in which one (1) month of service credit shall be awarded for each twenty-one (21) days of unused leave, except that the first fifteen (15) to fifty-seven (57) days of leave shall constitute three (3) months of service for those who became a member of the system before July 1, 2017.

(iii) In order for the member to receive creditable service for the number of days of unused leave under this paragraph, the system must receive certification from the governing authority.

(e) For the purposes of this subsection, members of the system who retire on or after July 1, 2010, shall receive credit for * * * one-half (1/2) day of leave for each full year of membership service accrued after June 30, 2010. The amount of leave received by a member under this paragraph shall be added to

the lawfully credited unused leave for which creditable service is provided under Section 25-11-103(i).

(f) For the purpose of this subsection, for members of the system who are elected officers and who retire on or after July 1, 1987, the following shall govern:

(* * *i) For service before July 1, 1984, the members shall receive credit for leave (combined personal and major medical) for service as an elected official before that date at the rate of thirty (30) days per year.

(* * *ii) For service on and after July 1, 1984, the member shall receive credit for personal and major medical leave beginning July 1, 1984, at the rates authorized in Sections 25-3-93 and 25-3-95, computed as a full-time employee.

(iii) If a member is employed in a covered nonelected position and a covered elected position simultaneously, that member may not receive service credit for accumulated unused leave for both positions at retirement for the period during which the member was dually employed. During the period during which the member is dually employed, the member shall only receive credit for leave as provided for in this paragraph for an elected official.

(3) Subject to the above restrictions and to such other rules and regulations as the board may adopt, the board shall verify, as soon as practicable after the filing of such statements of service, the services therein claimed.

(4) Upon verification of the statement of prior service, the board shall issue a prior service certificate certifying to each member the length of prior service for which credit shall have been allowed on the basis of his statement of service. So long as membership continues, a prior service certificate shall be final and conclusive for retirement purposes as to such service, provided that any member may within five (5) years from the date of issuance or modification of such certificate request the board of trustees to modify or correct his prior service certificate. Any modification or correction authorized shall only apply prospectively.

When membership ceases, such prior service certificates shall become void. Should the employee again become a member, he shall enter the system as an employee not entitled to prior service credit except as provided in Sections 25-11-105(I), 25-11-113 and 25-11-117.

(5) Creditable service at retirement, on which the retirement allowance of a member shall be based, shall consist of the membership service rendered by him since he last became a member, and also, if he has a prior service certificate that is in full force and effect, the amount of the service certified on his prior service certificate.

(6) Any member who served on active duty in the Armed Forces of the United States, who served in the Commissioned Corps of the United States Public Health Service before 1972 or who served in

maritime service during periods of hostility in World War II, shall be entitled to creditable service at no cost for his service on active duty in the Armed Forces, in the Commissioned Corps of the United States Public Health Service before 1972 or in such maritime service, provided he entered state service after his discharge from the Armed Forces or entered state service after he completed such maritime service. The maximum period for such creditable service for all military service as defined in this subsection (6) shall not exceed four (4) years unless positive proof can be furnished by such person that he was retained in the Armed Forces during World War II or in maritime service during World War II by causes beyond his control and without opportunity of discharge. The member shall furnish proof satisfactory to the board of trustees of certification of military service or maritime service records showing dates of entrance into active duty service and the date of discharge. From and after July 1, 1993, no creditable service shall be granted for any military service or maritime service to a member who qualifies for a retirement allowance in another public retirement system administered by the Board of Trustees of the Public Employees' Retirement System based, in whole or in part, on such military or maritime service. In no case shall the member receive creditable service if the member received a dishonorable discharge from the Armed Forces of the United States.

(7) (a) Any member of the Public Employees' Retirement System whose membership service is interrupted as a result of qualified military service within the meaning of Section 414(u)(5) of the Internal Revenue Code, and who has received the maximum service credit available under subsection (6) of this section, shall receive creditable service for the period of qualified military service that does not qualify as creditable service under subsection (6) of this section upon reentering membership service in an amount not to exceed five (5) years if:

(i) The member pays the contributions he would have made to the retirement system if he had remained in membership service for the period of qualified military service based upon his salary at the time his membership service was interrupted;

(ii) The member returns to membership service within ninety (90) days of the end of his qualified military service; and

(iii) The employer at the time the member's service was interrupted and to which employment the member returns pays the contributions it would have made into the retirement system for such period based on the member's salary at the time the service was interrupted.

(b) The payments required to be made in paragraph (a)(i) of this subsection may be made over a period beginning with the date of return to membership service and not exceeding three

(3) times the member's qualified military service; however, in no event shall such period exceed five (5) years.

(c) The member shall furnish proof satisfactory to the board of trustees of certification of military service showing dates of entrance into qualified service and the date of discharge as well as proof that the member has returned to active employment within the time specified.

(8) Any member of the Public Employees' Retirement System who became a member of the system before July 1, 2007, and who has at least four (4) years of membership service credit, or who became a member of the system on or after July 1, 2007, and who has at least eight (8) years of membership service credit, shall be entitled to receive a maximum of five (5) years' creditable service for service rendered in another state as a public employee of such other state, or a political subdivision, public education system or other governmental instrumentality thereof, or service rendered as a teacher in American overseas dependent schools conducted by the Armed Forces of the United States for children of citizens of the United States residing in areas outside the continental United States, provided that:

(a) The member shall furnish proof satisfactory to the board of trustees of certification of such services from the state, public education system, political subdivision or retirement system of the state where the services were performed

or the governing entity of the American overseas dependent school where the services were performed; and

(b) The member is not receiving or will not be entitled to receive from the public retirement system of the other state or from any other retirement plan, including optional retirement plans, sponsored by the employer, a retirement allowance including such services; and

(c) The member shall pay to the retirement system on the date he or she is eligible for credit for such out-of-state service or at any time thereafter before the date of retirement the actuarial cost as determined by the actuary for each year of out-of-state creditable service. The provisions of this subsection are subject to the limitations of Section 415 of the Internal Revenue Code and regulations promulgated under that section.

(9) Any member of the Public Employees' Retirement System who became a member of the system before July 1, 2007, and has at least four (4) years of membership service credit, or who became a member of the system on or after July 1, 2007, and has at least eight (8) years of membership service credit, and who receives, or has received, professional leave without compensation for professional purposes directly related to the employment in state service shall receive creditable service for the period of professional leave without compensation provided:

(a) The professional leave is performed with a public institution or public agency of this state, or another state or federal agency;

(b) The employer approves the professional leave showing the reason for granting the leave and makes a determination that the professional leave will benefit the employee and employer;

(c) Such professional leave shall not exceed two (2) years during any ten-year period of state service;

(d) The employee shall serve the employer on a full-time basis for a period of time equivalent to the professional leave period granted immediately following the termination of the leave period;

(e) The contributing member shall pay to the retirement system the actuarial cost as determined by the actuary for each year of professional leave. The provisions of this subsection are subject to the regulations of the Internal Revenue Code limitations;

(f) Such other rules and regulations consistent herewith as the board may adopt and in case of question, the board shall have final power to decide the questions.

Any actively contributing member participating in the School Administrator Sabbatical Program established in Section 37-9-77 shall qualify for continued participation under this subsection (9).

(10) Any member of the Public Employees' Retirement System who became a member of the system before July 1, 2007, and has at least four (4) years of credited membership service, or who became a member of the system on or after July 1, 2007, and has at least eight (8) years of credited membership service, shall be entitled to receive a maximum of ten (10) years creditable service for:

(a) Any service rendered as an employee of any political subdivision of this state, or any instrumentality thereof, that does not participate in the Public Employees' Retirement System; or

(b) Any service rendered as an employee of any political subdivision of this state, or any instrumentality thereof, that participates in the Public Employees' Retirement System but did not elect retroactive coverage; or

(c) Any service rendered as an employee of any political subdivision of this state, or any instrumentality thereof, for which coverage of the employee's position was or is excluded; provided that the member pays into the retirement system the actuarial cost as determined by the actuary for each year, or portion thereof, of such service. Payment for such service may be made in increments of * * * one-quarter (1/4) year of creditable service. After a member has made full payment to the retirement system for all or any part of such service, the member shall receive creditable service for the period of such service for which full payment has been made to the retirement system.

SECTION 6. Section 25-11-111, Mississippi Code of 1972, is amended as follows:

25-11-111. (a) (1) Any member who became a member of the system before July 1, 2007, upon withdrawal from service upon or after attainment of the age of sixty (60) years who has completed at least four (4) years of membership service, or any member who became a member of the system before July 1, 2011, upon withdrawal from service regardless of age who has completed at least twenty-five (25) years of creditable service, shall be entitled to receive a retirement allowance, which shall begin on the first of the month following the date the member's application for the allowance is received by the board, but in no event before withdrawal from service.

(2) Any member who became a member of the system on or after July 1, 2007, upon withdrawal from service upon or after attainment of the age of sixty (60) years who has completed at least eight (8) years of membership service, or any member who became a member of the system on or after July 1, 2011, upon withdrawal from service regardless of age who has completed at least thirty (30) years of creditable service, shall be entitled to receive a retirement allowance, which shall begin on the first of the month following the date the member's application for the allowance is received by the board, but in no event before withdrawal from service.

(b) (1) Any member who became a member of the system before July 1, 2007, whose withdrawal from service occurs before attaining the age of sixty (60) years who has completed four (4) or more years of membership service and has not received a refund of his accumulated contributions, shall be entitled to receive a retirement allowance, beginning upon his attaining the age of sixty (60) years, of the amount earned and accrued at the date of withdrawal from service. The retirement allowance shall begin on the first of the month following the date the member's application for the allowance is received by the board, but in no event before withdrawal from service.

(2) Any member who became a member of the system on or after July 1, 2007, whose withdrawal from service occurs before attaining the age of sixty (60) years who has completed eight (8) or more years of membership service and has not received a refund of his accumulated contributions, shall be entitled to receive a retirement allowance, beginning upon his attaining the age of sixty (60) years, of the amount earned and accrued at the date of withdrawal from service. The retirement allowance shall begin on the first of the month following the date the member's application for the allowance is received by the board, but in no event before withdrawal from service.

(c) Any member in service who has qualified for retirement benefits may select any optional method of settlement of retirement benefits by notifying the Executive Director of the

Board of Trustees of the Public Employees' Retirement System in writing, on a form prescribed by the board, of the option he has selected and by naming the beneficiary of the option and furnishing necessary proof of age. The option, once selected, may be changed at any time before actual retirement or death, but upon the death or retirement of the member, the optional settlement shall be placed in effect upon proper notification to the executive director.

(d) Any member who became a member of the system before July 1, 2011, shall be entitled to an annual retirement allowance which shall consist of:

(1) A member's annuity, which shall be the actuarial equivalent of the accumulated contributions of the member at the time of retirement computed according to the actuarial table in use by the system; and

(2) An employer's annuity, which, together with the member's annuity provided above, shall be equal to two percent (2%) of the average compensation for each year of service up to and including twenty-five (25) years of creditable service, and two and one-half percent (2-1/2%) of the average compensation for each year of service exceeding twenty-five (25) years of creditable service.

(3) Any retired member or beneficiary thereof who was eligible to receive a retirement allowance before July 1, 1991, and who is still receiving a retirement allowance on July 1, 1992,

shall receive an increase in the annual retirement allowance of the retired member equal to one-eighth of one percent ($1/8$ of 1%) of the average compensation for each year of state service in excess of twenty-five (25) years of membership service up to and including thirty (30) years. The maximum increase shall be five-eighths of one percent ($5/8$ of 1%). In no case shall a member who has been retired before July 1, 1987, receive less than Ten Dollars (\$10.00) per month for each year of creditable service and proportionately for each quarter year thereof. Persons retired on or after July 1, 1987, shall receive at least Ten Dollars (\$10.00) per month for each year of service and proportionately for each quarter year thereof reduced for the option selected. However, such Ten Dollars (\$10.00) minimum per month for each year of creditable service shall not apply to a retirement allowance computed under Section 25-11-114 based on a percentage of the member's average compensation.

(e) Any member who became a member of the system on or after July 1, 2011, shall be entitled to an annual retirement allowance which shall consist of:

(1) A member's annuity, which shall be the actuarial equivalent of the accumulated contributions of the member at the time of retirement computed according to the actuarial table in use by the system; and

(2) An employer's annuity, which, together with the member's annuity provided above, shall be equal to two percent

(2%) of the average compensation for each year of service up to and including thirty (30) years of creditable service, and two and one-half percent (2-1/2%) of average compensation for each year of service exceeding thirty (30) years of creditable service.

(f) Any member who became a member of the system on or after July 1, 2011, upon withdrawal from service upon or after attaining the age of sixty (60) years who has completed at least eight (8) years of membership service, or any such member upon withdrawal from service regardless of age who has completed at least thirty (30) years of creditable service, shall be entitled to receive a retirement allowance computed in accordance with the formula set forth in subsection (e) of this section. In the case of the retirement of any member who has attained age sixty (60) but who has not completed at least thirty (30) years of creditable service, the retirement allowance shall be computed in accordance with the formula set forth in subsection (e) of this section except that the total annual retirement allowance shall be reduced by an actuarial equivalent factor for each year of creditable service below thirty (30) years or the number of years in age that the member is below age sixty-five (65), whichever is less.

(g) No member, except members excluded by the Age Discrimination in Employment Act Amendments of 1986 (Public Law 99-592), under either Article 1 or Article 3 in state service shall be required to retire because of age.

(h) No payment on account of any benefit granted under the provisions of this section shall become effective or begin to accrue until January 1, 1953.

(i) (1) A retiree or beneficiary may, on a form prescribed by and filed with the retirement system, irrevocably waive all or a portion of any benefits from the retirement system to which the retiree or beneficiary is entitled. The waiver shall be binding on the heirs and assigns of any retiree or beneficiary and the same must agree to forever hold harmless the Public Employees' Retirement System of Mississippi from any claim to the waived retirement benefits.

(2) Any waiver under this subsection shall apply only to the person executing the waiver. A beneficiary shall be entitled to benefits according to the option selected by the member at the time of retirement. However, a beneficiary may, at the option of the beneficiary, execute a waiver of benefits under this subsection.

(3) The retirement system shall retain in the annuity reserve account amounts that are not used to pay benefits because of a waiver executed under this subsection.

(4) The board of trustees may provide rules and regulations for the administration of waivers under this subsection.

SECTION 7. Section 25-11-111.1, Mississippi Code of 1972, is amended as follows:

25-11-111.1. The Public Employees' Retirement System shall make payments of retirement benefits under this chapter to members * * * and to the beneficiaries of those members, by whatever means the board prescribes by regulation to be the most appropriate for the proper and efficient payment of benefits, including, but not limited to, direct deposit to an account with a financial institution that is a participant of the Automated Clearing House designated by the member or beneficiary * * *. The board may provide for alternative means of payment if the member or beneficiary can demonstrate that payment by the prescribed means * * * will cause the member or beneficiary undue hardship.

SECTION 8. Section 25-13-11.1, Mississippi Code of 1972, is amended as follows:

25-13-11.1. The Public Employees' Retirement System shall make payments of retirement benefits under this chapter to members * * * and to the beneficiaries of those members, by whatever means the board prescribes by regulation to be the most appropriate for the proper and efficient payment of benefits, including, but not limited to, direct deposit to an account with a financial institution that is a participant of the Automated Clearing House designated by the member or beneficiary * * *. The board may provide for alternative means of payment if the member or beneficiary can demonstrate that payment by the prescribed means * * * will cause the member or beneficiary undue hardship.

SECTION 9. Section 21-29-325, Mississippi Code of 1972, is amended as follows:

21-29-325. The Public Employees' Retirement System shall make payments of retirement benefits under this chapter to members * * * and to the beneficiaries of those members, by whatever means the board prescribes by regulation to be the most appropriate for the proper and efficient payment of benefits, including, but not limited to, direct deposit to an account with a financial institution that is a participant of the Automated Clearing House designated by the member or beneficiary * * *. The board may provide for alternative means of payment if the member or beneficiary can demonstrate that payment by the prescribed means * * * will cause the member or beneficiary undue hardship.

SECTION 10. Section 25-11-113, Mississippi Code of 1972, is amended as follows:

25-11-113. (1) (a) Upon the application of a member or his employer, any active member in state service who became a member of the system before July 1, 2007, and who has at least four (4) years of membership service credit, or any active member in state service who became a member of the system on or after July 1, 2007, who has at least eight (8) years of membership service credit, may be retired by the board of trustees on the first of the month following the date of filing the application on a disability retirement allowance, but in no event shall the disability retirement allowance begin before termination of state

service, provided that the medical board, after an evaluation of medical evidence that may or may not include an actual physical examination by the medical board, certifies that the member is mentally or physically incapacitated for the further performance of duty, that the incapacity is likely to be permanent, and that the member should be retired; however, the board of trustees may accept a disability medical determination from the Social Security Administration in lieu of a certification from the medical board. If a member who has been approved for a disability retirement allowance does not terminate state service within ninety (90) days after approval, the disability retirement and the application for disability retirement shall be void. For the purposes of disability determination, the medical board shall apply the following definition of disability: the inability to perform the usual duties of employment or the incapacity to perform such lesser duties, if any, as the employer, in its discretion, may assign without material reduction in compensation, or the incapacity to perform the duties of any employment covered by the Public Employees' Retirement System (Section 25-11-101 et seq.) that is actually offered and is within the same general territorial work area, without material reduction in compensation. The employer shall be required to furnish the job description and duties of the member. The employer shall further certify whether the employer has offered the member other duties and has complied with the applicable provisions of the Americans With Disabilities

Act in affording reasonable accommodations that would allow the employee to continue employment.

(b) Any member applying for a disability retirement allowance must provide sufficient objective medical evidence in support of his or her claim. All disability determinations, whether the initial examination or reexamination, shall be based on objective medical evidence. "Objective medical evidence" means reports of examinations or treatments; medical signs that are anatomical, physiological, or psychological abnormalities that are observed and documented by medical professionals; psychiatric signs that are medically demonstrable phenomena indicating specific abnormalities of behavior, affect, thought, memory, orientation, or contact with reality; or laboratory findings that are anatomical, physiological, or psychological phenomena that are shown by medically acceptable laboratory diagnostic techniques, including, but not limited to, chemical tests, electrocardiograms, electroencephalograms, X-rays, and psychological tests. Nonmedical information shall not be considered objective medical evidence.

(* * *c) Any inactive member who became a member of the system before July 1, 2007, with four (4) or more years of membership service credit, or any inactive member who became a member of the system on or after July 1, 2007, with eight (8) or more years of membership service credit, who has withdrawn from active state service, is not eligible for a disability retirement

allowance unless the disability occurs within six (6) months of the termination of active service and unless satisfactory proof is presented to the board of trustees that the disability was the direct cause of withdrawal from state service. Application for a disability retirement allowance must be filed within one (1) year of termination from active service. This period may be extended by an additional year if it can be factually demonstrated to the satisfaction of the board of trustees that throughout the initial one-year period the member was incapable of applying for benefits by reason of mental or physical impairment as certified by a medical doctor.

(* * *d) Any member who is or becomes eligible for service retirement benefits under Section 25-11-111 while pursuing a disability retirement allowance under this section or Section 25-11-114 may elect to receive a service retirement allowance pending a final determination on eligibility for a disability retirement allowance or withdrawal of the application for the disability retirement allowance. In such a case, an application for a disability retirement allowance must be on file with the system before the beginning of a service retirement allowance. If the application is approved, the option selected and beneficiary designated on the retirement application shall be used to determine the disability retirement allowance. If the application is not approved or if the application is withdrawn, the service retirement allowance shall continue to be paid in accordance with

the option selected. No person may apply for a disability retirement allowance after the person begins to receive a service retirement allowance.

(* * *e) If the medical board certifies that the member is not mentally or physically incapacitated for the future performance of duty, the member may request, within sixty (60) days, a hearing before the hearing officer as provided in Section 25-11-120. All hearings shall be held in accordance with rules and regulations adopted by the board to govern those hearings. The hearing may be closed upon the request of the member.

(* * *f) The medical board may request additional medical evidence and/or other physicians to conduct an evaluation of the member's condition. If the medical board requests additional medical evidence and the member refuses the request, the application shall be considered void.

(2) Allowance on disability retirement.

(a) Upon retirement for disability, an eligible member shall receive a retirement allowance if he has attained the age of sixty (60) years.

(b) Except as provided in paragraph (c) of this subsection (2), an eligible member who is retired for disability and who has not attained sixty (60) years of age shall receive a disability benefit as computed in Section 25-11-111(d), which shall consist of:

(i) A member's annuity, which shall be the actuarial equivalent of his accumulated contributions at the time of retirement; and

(ii) An employer's annuity equal to the amount that would have been payable as a retirement allowance for eligible creditable service if the member had continued in service to the age of sixty (60) years, which shall apply to the allowance for disability retirement paid to retirees receiving such allowance upon and after April 12, 1977. This employer's annuity shall be computed on the basis of the average "earned compensation" as defined in Section 25-11-103.

(c) For persons who become members after June 30, 1992, and for active members on June 30, 1992, who elect benefits under this paragraph (c) instead of those provided under paragraph (b) of this subsection (2), the disability allowance shall consist of two (2) parts: a temporary allowance and a deferred allowance.

The temporary allowance shall equal the greater of (i) forty percent (40%) of average compensation at the time of disability, plus ten percent (10%) of average compensation for each of the first two (2) dependent children, as defined in Sections 25-11-103 and 25-11-114, or (ii) the accrued benefit based on actual service. It shall be payable for a period of time based on the member's age at disability, as follows:

Age at Disability	Duration
60 and earlier	to age 65

61	to age 66
62	to age 66
63	to age 67
64	to age 67
65	to age 68
66	to age 68
67	to age 69
68	to age 70
69 and over	one year

The deferred allowance shall begin when the temporary allowance ends and shall be payable for life. The deferred allowance shall equal the greater of (i) the allowance that would have been payable had the member continued in service to the termination age of the temporary allowance, but no more than forty percent (40%) of average compensation, or (ii) the accrued benefit based on actual service at the time of disability. The deferred allowance as determined at the time of disability shall be adjusted in accordance with Section 25-11-112 for the period during which the temporary annuity is payable. In no case shall a member receive less than Ten Dollars (\$10.00) per month for each year of service and proportionately for each quarter year thereof reduced for the option selected.

(d) The member may elect to receive the actuarial equivalent of the disability retirement allowance in a reduced

allowance payable throughout life under any of the provisions of the options provided under Section 25-11-115.

(e) If a disability retiree who has not selected an option under Section 25-11-115 dies before being repaid in disability benefits the sum of his total contributions, then his named beneficiary shall receive the difference in cash, which shall apply to all deceased disability retirees from and after January 1, 1953.

(3) Reexamination of retirees retired on account of disability. Except as otherwise provided in this section, once each year during the first five (5) years following retirement of a member on a disability retirement allowance, and once in every period of three (3) years thereafter, the board of trustees may, and upon his application shall, require any disability retiree who has not yet attained the age of sixty (60) years or the termination age of the temporary allowance under subsection (2)(c) of this section to undergo a medical examination, the examination to be made at the place of residence of the retiree or other place mutually agreed upon by a physician or physicians designated by the board. The board, however, in its discretion, may authorize the medical board to establish reexamination schedules appropriate to the medical condition of individual disability retirees. If any disability retiree who has not yet attained the age of sixty (60) years or the termination age of the temporary allowance under subsection (2)(c) of this section refuses to submit to any medical

examination provided in this section, his allowance may be discontinued until his withdrawal of that refusal; and if his refusal continues for one (1) year, all his rights to a disability benefit shall be revoked by the board of trustees.

(4) If the medical board reports and certifies to the board of trustees, after a comparable job analysis or other similar study, that the disability retiree is engaged in, or is able to engage in, a gainful occupation paying more than the difference between his disability allowance, exclusive of cost-of-living adjustments, and the average compensation, and if the board of trustees concurs in the report, the disability benefit shall be reduced to an amount that, together with the amount earnable by him, equals the amount of his average compensation. If his earning capacity is later changed, the amount of the benefit may be further modified, provided that the revised benefit shall not exceed the amount originally granted. A retiree receiving a disability benefit who is restored to active service at a salary less than the average compensation shall not become a member of the retirement system.

(5) If a disability retiree under the age of sixty (60) years or the termination age of the temporary allowance under subsection (2)(c) of this section is restored to active service at a compensation not less than his average compensation, his disability benefit shall end, he shall again become a member of the retirement system, and contributions shall be withheld and

reported. Any such prior service certificate, on the basis of which his service was computed at the time of retirement, shall be restored to full force and effect. In addition, upon his later retirement he shall be credited with all creditable service as a member, but the total retirement allowance paid to the retired member in his previous retirement shall be deducted from his retirement reserve and taken into consideration in recalculating the retirement allowance under a new option selected.

(6) If following reexamination in accordance with the provisions contained in this section, the medical board determines that a retiree retired on account of disability is physically and mentally able to return to the employment from which he is retired, the board of trustees, upon certification of those findings from the medical board, shall, after a reasonable period of time, terminate the disability allowance, whether or not the retiree is reemployed or seeks that reemployment. In addition, if the board of trustees determines that the retiree is no longer sustaining a loss of income as established by documented evidence of the retiree's earned income, the eligibility for a disability allowance shall terminate and the allowance terminated within a reasonable period of time. If the retirement allowance is terminated under the provisions of this section, the retiree may later qualify for a retirement allowance under Section 25-11-111 based on actual years of service credit plus credit for the period during which a disability allowance was paid.

(7) Any current member as of June 30, 1992, who retires on a disability retirement allowance after June 30, 1992, and who has not elected to receive benefits under subsection (2)(c) of this section, shall relinquish all rights under the Age Discrimination in Employment Act of 1967, as amended, with regard to the benefits payable under this section.

SECTION 11. Section 25-11-114, Mississippi Code of 1972, is amended as follows:

25-11-114. (1) The applicable benefits provided in subsections (2) and (3) of this section shall be paid to eligible beneficiaries of any member who became a member of the system before July 1, 2007, and has completed four (4) or more years of membership service, or who became a member of the system on or after July 1, 2007, and has completed eight (8) or more years of membership service, and who dies before retirement and who has not filed a Pre-Retirement Optional Retirement Form as provided in Section 25-11-111.

(2) (a) The surviving spouse of a member who dies before retirement shall receive a monthly benefit computed in accordance with paragraph (d) of this subsection (2) as if the member had nominated his spouse as beneficiary if:

(i) The member completed the requisite minimum number of years of membership service to qualify for a retirement allowance at age sixty (60);

(ii) The spouse has been married to the member for not less than one (1) year preceding the death of the member;

(iii) The member has not exercised any other option.

(b) If, at the time of the member's death, there are no dependent children, and the surviving spouse, who otherwise would receive the annuity under this subsection (2), has filed with the system a signed written waiver of his or her rights to the annuity and that waiver was in effect at the time of the member's death, a lump-sum distribution of the deceased member's accumulated contributions shall be refunded in accordance with Section 25-11-117.

(c) The spouse annuity shall begin on the first day of the month following the date of the member's death, but in case of late filing, retroactive payments will be made for a period of not more than one (1) year.

(d) The spouse of a member who is eligible to receive a monthly benefit under paragraph (a) of this subsection (2) shall receive a benefit for life equal to the higher of the following:

(i) The greater of twenty percent (20%) of the deceased member's average compensation as defined in Section 25-11-103 at the time of death or Fifty Dollars (\$50.00) monthly;
or

(ii) Benefits calculated under Option 2 of Section 25-11-115. The method of calculating the retirement benefits

shall be on the same basis as provided in Section 25-11-111(d) or (e), as applicable. However, if the member dies before being qualified for a full, unreduced retirement allowance, then the benefits shall be reduced by an actuarially determined percentage or factor based on the lesser of either the number of years of service credit or the number of years in age required to qualify for a full, unreduced retirement allowance in Section 25-11-111(d) or (e), as applicable.

(e) The surviving spouse of a deceased member who previously received spouse retirement benefits under paragraph (d)(i) of this subsection from and after July 1, 1992, and whose benefits were terminated before July 1, 2004, because of remarriage, may again receive the retirement benefits authorized under paragraph (d)(i) of this subsection by making application with the board to reinstate those benefits. Any reinstatement of the benefits shall be prospective only and shall begin after the first of the month following the date of the application for reinstatement, but no earlier than July 1, 2004. From and after July 1, 2010, any spouse who chose Option 2 from and after July 1, 1992, but before July 1, 2004, where the benefit, although payable for life, was less than the benefit available under the calculation in paragraph (d)(i) of this subsection shall have his or her benefit increased to the amount which provides the greater benefit.

(3) (a) Subject to the maximum limitation provided in this paragraph, the member's dependent children each shall receive an annuity of the greater of ten percent (10%) of the member's average compensation as defined in Section 25-11-103 at the time of the death of the member or Fifty Dollars (\$50.00) monthly; however, if there are more than three (3) dependent children, each dependent child shall receive an equal share of a total annuity equal to thirty percent (30%) of the member's average compensation, provided that the total annuity shall not be less than One Hundred Fifty Dollars (\$150.00) per month for all children.

(b) A child shall be considered to be a dependent child until marriage, or the attainment of age nineteen (19), whichever comes first; however, this age limitation shall be extended beyond age nineteen (19), but in no event beyond the attainment of age twenty-three (23), as long as the child is a student regularly pursuing a full-time course of resident study or training in an accredited high school, trade school, technical or vocational institute, junior or community college, college, university or comparable recognized educational institution duly licensed by a state. A student child who is receiving a retirement allowance as of June 30, 2016, whose birthday falls during the school year (September 1 through June 30) is considered not to reach age twenty-three (23) until the July 1 following the actual twenty-third birthday. A full-time course of resident study or

training means a day or evening noncorrespondence course that includes school attendance at the rate of at least thirty-six (36) weeks per academic year or other applicable period with a subject load sufficient, if successfully completed, to attain the educational or training objective within the period generally accepted as minimum for completion, by a full-time day student, of the academic or training program concerned. Any child who is physically or mentally incompetent, as adjudged by either a Mississippi court of competent jurisdiction or by the board, shall receive benefits for as long as the incompetency exists.

(c) If there are more than three (3) dependent children, upon a child's ceasing to be a dependent child, his annuity shall terminate and there shall be a redetermination of the amounts payable to any remaining dependent children.

(d) Annuities payable under this subsection (3) shall begin the first day of the month following the date of the member's death or in case of late filing, retroactive payments will be made for a period of not more than one (1) year. Those benefits may be paid to a surviving parent or the lawful custodian of a dependent child for the use and benefit of the child without the necessity of appointment as guardian.

(4) (a) Death benefits in the line of duty. Regardless of the number of years of the member's creditable service, the spouse and/or the dependent children of an active member who is killed * * * or dies as a direct result of a physical injury

sustained from an accident or a traumatic event caused by external violence or physical force occurring in the line of performance of duty shall qualify, on approval of the board, for a retirement allowance on the first of the month following the date of death, but in the case of late filing, retroactive payments will be made for a period of not more than one (1) year. The spouse shall receive a retirement allowance for life equal to one-half ($1/2$) of the average compensation as defined in Section 25-11-103. In addition to the retirement allowance for the spouse, or if there is no surviving spouse, the member's dependent child shall receive a retirement allowance in the amount of one-fourth ($1/4$) of the member's average compensation as defined in Section 25-11-103; however, if there are two (2) or more dependent children, each dependent child shall receive an equal share of a total annuity equal to one-half ($1/2$) of the member's average compensation. If there are more than two (2) dependent children, upon a child's ceasing to be a dependent child, his annuity shall terminate and there shall be a redetermination of the amounts payable to any remaining dependent children. Those benefits shall cease to be paid for the support and maintenance of each child upon the child attaining the age of nineteen (19) years; however, the spouse shall continue to be eligible for the aforesaid retirement allowance. Those benefits may be paid to a surviving parent or lawful custodian of the children for the use and benefit of the children without the necessity of appointment as guardian. Any

spouse who received spouse retirement benefits under this paragraph (a) from and after April 4, 1984, and whose benefits were terminated before July 1, 2004, because of remarriage, may again receive the retirement benefits authorized under this paragraph (a) by making application with the board to reinstate those benefits. Any reinstatement of the benefits shall be prospective only and shall begin after the first of the month following the date of the application for reinstatement, but not earlier than July 1, 2004.

(b) A child shall be considered to be a dependent child until marriage, or the attainment of age nineteen (19), whichever comes first; however, this age limitation shall be extended beyond age nineteen (19), but in no event beyond the attainment of age twenty-three (23), as long as the child is a student regularly pursuing a full-time course of resident study or training in an accredited high school, trade school, technical or vocational institute, junior or community college, college, university or comparable recognized educational institution duly licensed by a state. A student child who is receiving a retirement allowance as of June 30, 2016, whose birthday falls during the school year (September 1 through June 30) is considered not to reach age twenty-three (23) until the July 1 following the actual twenty-third birthday. A full-time course of resident study or training means a day or evening noncorrespondence course that includes school attendance at the rate of at least thirty-six (36)

weeks per academic year or other applicable period with a subject load sufficient, if successfully completed, to attain the educational or training objective within the period generally accepted as minimum for completion, by a full-time day student, of the academic or training program concerned. Any child who is physically or mentally incompetent, as adjudged by either a Mississippi court of competent jurisdiction or by the board, shall receive benefits for as long as the incompetency exists.

(5) If all the annuities provided for in this section payable on account of the death of a member terminate before there has been paid an aggregate amount equal to the member's accumulated contributions standing to the member's credit in the annuity savings account at the time of the member's death, the difference between the accumulated contributions and the aggregate amount of annuity payments shall be paid to the person that the member has nominated by written designation duly executed and filed with the board. If there is no designated beneficiary surviving at termination of benefits, the difference shall be payable under Section 25-11-117.1(1).

(6) Regardless of the number of years of creditable service, upon the application of a member or employer, any active member who becomes disabled as a direct result of a physical injury sustained from an accident or traumatic event * * * caused by external violence or physical force occurring in the line of performance of duty, provided that the medical board or other

designated governmental agency after a medical examination certifies that the member is mentally or physically incapacitated for the further performance of duty and the incapacity is likely to be permanent, may be retired by the board of trustees on the first of the month following the date of filing the application but in no event shall the retirement allowance begin before the termination of state service. If a member who has been approved for a retirement allowance under this subsection does not terminate state service within ninety (90) days after the approval, the retirement allowance and the application for the allowance shall be void. The retirement allowance shall equal the allowance on disability retirement as provided in Section 25-11-113 but shall not be less than fifty percent (50%) of average compensation. Line of duty disability benefits under this section shall be administered in accordance with the provisions of Section 25-11-113(1)(b), (c), (d) * * *, (e) and (f), (3), (4), (5) and (6).

(7) For purposes of determining death or disability benefits under this section, the following shall apply:

(a) Death or permanent and total disability resulting from a cardiovascular, pulmonary or musculoskeletal condition that was not a direct result of a physical injury sustained from an accident or a traumatic event caused by external violence or physical force occurring in the performance of duty shall be deemed a natural death or an ordinary disability.

(b) A mental disability based exclusively on employment duties occurring on an ongoing basis shall be deemed an ordinary disability.

(8) If the deceased or disabled member has less than four (4) years of membership service, the average compensation as defined in Section 25-11-103 shall be the average of all annual earned compensation in state service for the purposes of benefits provided in this section.

(9) In case of death or total and permanent disability under subsection (4) or subsection (6) of this section and before the board shall consider any application for a retirement allowance, the employer must certify to the board that the member's death or disability was a direct result of an accident or a traumatic event occurring during and as a result of the performance of the regular and assigned duties of the employee and that the death or disability was not the result of the willful negligence of the employee.

(10) The application for the retirement allowance must be filed within one (1) year after death of an active member who is killed in the line of performance of duty or dies as a direct result of an accident occurring in the line of performance of duty or traumatic event; but the board of trustees may consider an application for disability filed after the one-year period if it can be factually demonstrated to the satisfaction of the board of trustees that the disability is due to the accident and that the

filing was not accomplished within the one-year period due to a delayed manifestation of the disability or to circumstances beyond the control of the member. However, in case of late filing, retroactive payments will be made for a period of not more than one (1) year only.

(11) (a) Notwithstanding any other section of this article and in lieu of any payments to a designated beneficiary for a refund of contributions under Section 25-11-117, the spouse and/or children shall be eligible for the benefits payable under this section, and the spouse may elect, for both the spouse and/or children, to receive benefits in accordance with either subsections (2) and (3) or subsection (4) of this section; otherwise, the contributions to the credit of the deceased member shall be refunded in accordance with Section 25-11-117.

(b) Notwithstanding any other section of this article, a spouse who is entitled to receive a monthly benefit under either subsection (2) or (4) of this section and who is also the named beneficiary for a refund of accumulated contributions in the member's annuity savings account, may, after the death of the member, elect to receive a refund of accumulated contributions in lieu of a monthly allowance, provided that there are no dependent children entitled to benefits under subsection (3) of this section.

(12) If the member has previously received benefits from the system to which he was not entitled and has not repaid in full all

amounts payable by him to the system, the annuity amounts otherwise provided by this section shall be withheld and used to effect repayment until the total of the withholdings repays in full all amounts payable by him to the system.

SECTION 12. Section 25-13-13, Mississippi Code of 1972, is amended as follows:

25-13-13. (1) Upon the death of any highway patrolman who has retired for service or disability and who has not elected any other option under Section 25-13-16, his or her spouse shall receive one-half (1/2) the benefit that he or she was receiving and each child not having attained his nineteenth birthday shall receive one-fourth (1/4) of the benefit, but not more than one-half (1/2) of the benefits shall be paid for the support and maintenance of two (2) or more children. Upon each child's attaining the age of nineteen (19) years, the child shall no longer be eligible for the benefit, and when all of the children have attained their nineteenth birthday, only the spouse shall be eligible for one-half (1/2) the amount of the benefit. The spouse shall continue to be eligible for the benefit in the amount of fifty percent (50%) of his or her retirement benefit so long as the spouse may live. Surviving spouses of deceased members who previously received spouse retirement benefits under this subsection from and after July 1, 1958, and whose benefits were terminated before July 1, 2004, because of remarriage, may again receive the retirement benefits authorized under this subsection

by making application with the board to reinstate the benefits. Any reinstatement of the benefits shall be prospective only and shall begin after the first of the month following the date of the application for reinstatement, but no earlier than July 1, 2004.

(2) Upon the death of any highway patrolman who has served the minimum retirement period required for eligibility for this retirement program, his or her spouse and family shall receive all the benefits payable to the highway patrolman's beneficiaries as if he or she had retired at the time of his or her death. Those benefits continue to be paid to the spouse for life. The benefits are payable on a monthly basis. Surviving spouses of deceased members who previously received spouse retirement benefits under this subsection from and after July 1, 1958, and whose benefits were terminated before July 1, 2004, because of remarriage, may again receive the retirement benefits authorized under this subsection by making application with the board to reinstate the benefits. Any reinstatement of the benefits shall be prospective only and shall begin after the first of the month following the date of the application for reinstatement, but no earlier than July 1, 2004.

(3) The spouse and/or the dependent children of an active member who is killed in the line of performance of duty or dies as a direct result of an accident occurring in the line of performance of duty shall qualify, on approval of the board, for a retirement allowance on the first of the month following the date

of death, but not before receipt of application by the board. The spouse shall receive a retirement allowance equal to one-half ($1/2$) of the average compensation of the deceased highway patrolman. In addition to the retirement allowance for the spouse, or if there is no surviving spouse, a retirement allowance shall be paid in the amount of one-fourth ($1/4$) of the average compensation for the support and maintenance of one (1) child or in the amount of one-half ($1/2$) of the average compensation for the support and maintenance of two (2) or more children. Those benefits shall cease to be paid for the support and maintenance of each child upon the child attaining the age of nineteen (19) years; however, the spouse shall continue to be eligible for the aforesaid retirement allowance. Benefits may be paid to a surviving parent or lawful custodian of the children for the use and benefit of the children without the necessity of appointment as guardian. The retirement allowance shall continue to be paid to the spouse for life. Surviving spouses of deceased members who previously received spouse retirement benefits under this subsection from and after July 1, 1958, and whose benefits were terminated before July 1, 2004, because of remarriage, may again receive the retirement benefits authorized under this subsection by making application with the board to reinstate the benefits. Any reinstatement of the benefits shall be prospective only and shall begin after the first of the month following the date of the application for reinstatement, but no earlier than July 1, 2004.

(4) All benefits accruing to any child under the provisions of this chapter shall be paid to the parent custodian of the children or the legal guardian.

(5) Children receiving the benefits provided in this section who are permanently or totally disabled shall continue to receive the benefits for as long as the medical board or other designated governmental agency certifies that the disability continues. The age limitation for benefits payable to a child under any provision of this section shall be extended beyond age nineteen (19), but in no event beyond the attainment of age twenty-three (23), as long as the child is a student regularly pursuing a full-time course of resident study or training in an accredited high school, trade school, technical or vocational institute, junior or community college, college, university or comparable recognized educational institution duly licensed by a state. A student child who is receiving a retirement allowance as of June 30, 2016, whose birthday falls during the school year (September 1 through June 30) is considered not to reach age twenty-three (23) until the July 1 following the actual twenty-third birthday. A full-time course of resident study or training means a day or evening noncorrespondence course that includes school attendance at the rate of at least thirty-six (36) weeks per academic year or other applicable period with a subject load sufficient, if successfully completed, to attain the educational or training objective within the period generally accepted as minimum for completion, by a

full-time day student, of the academic or training program concerned.

(6) If all the annuities provided for in this section payable on the account of the death of a member terminate before there has been paid an aggregate amount equal to the member's accumulated contributions standing to the member's credit in the annuity savings account at the time of the member's death, the difference between the accumulated contributions and the aggregate amount of annuity payments shall be paid to the person as the member has nominated by written designation duly executed and filed with the board of trustees in the office of the Public Employees' Retirement System. If there is no designated beneficiary surviving at termination of benefits, the difference shall be payable pursuant to Section 25-13-21.1(1).

(7) All benefits paid to a spouse or child due to the death of a member before or after retirement shall be paid in accordance with the statutory provisions set forth as of the date of death.

SECTION 13. Section 25-11-115, Mississippi Code of 1972, is amended as follows:

25-11-115. (1) Upon application for superannuation or disability retirement, any member may elect to receive his or her benefit in a retirement allowance payable throughout life with no further payments to anyone at the member's death, except that if the member's total retirement payments under this article do not equal the member's total contributions under this article, the

named beneficiary shall receive the difference in cash at the member's death. Or the member may elect upon retirement, or upon becoming eligible for retirement, to receive the actuarial equivalent subject to the provisions of subsection (3) of this section of his or her retirement allowance in a reduced retirement allowance payable throughout life with the provision that:

Option 1. If the retired member dies before he or she has received in annuity payment the value of the member's annuity savings account as it was at the time of the member's retirement, the balance shall be paid to the legal representative or to such person as the member has nominated by written designation duly acknowledged and filed with the board;

Option 2. Upon the retired member's death, his or her reduced retirement allowance shall be continued throughout the life of, and paid to, such person as the member has nominated by written designation duly acknowledged and filed with the board of trustees at the time of his or her retirement;

Option 3. Upon the retired member's death, one-half (1/2) of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, such person as the member has nominated by written designation duly acknowledged and filed with the board of trustees at the time of his or her retirement, and the other one-half (1/2) of his or her reduced retirement allowance to some other designated beneficiary;

Option 4. Upon the retired member's death, three-fourths ($3/4$) of his or her reduced retirement allowance, or such other specified amount, shall be continued throughout the life of, and paid to, such person as the member has nominated by written designation duly acknowledged and filed with the board of trustees at the time of his or her retirement;

Option 4-A. Upon the retired member's death, one-half ($1/2$) of his or her reduced retirement allowance, or such other specified amount, shall be continued throughout the life of, and paid to, such person as the member has nominated by written designation duly acknowledged and filed with the board of trustees at the time of his or her retirement;

Option 4-B. A reduced retirement allowance shall be continued throughout the life of the retirant, but with the further guarantee of payments to the named beneficiary or beneficiaries for a specified number of years certain. If the retired member or the last designated beneficiary both die before receiving all guaranteed payments due, the actuarial equivalent of the remaining payments shall be paid under Section 25-11-117.1(1);

Option 6. Any member who became a member of the system before July 1, 2007, and who has at least twenty-eight (28) years of creditable service at the time of retirement or who is at least sixty-three (63) years of age and eligible to retire, may select the maximum retirement benefit or an optional benefit as provided in this subsection together with a partial lump-sum distribution.

Any member who became a member of the system on or after July 1, 2007, but before July 1, 2011, and who has at least twenty-eight (28) years of creditable service at the time of retirement may select the maximum retirement benefit or any optional benefit as provided in this subsection together with a partial lump-sum distribution. Any member who became a member of the system on or after July 1, 2011, and who has at least thirty-three (33) years of creditable service at the time of retirement may select the maximum retirement benefit or any optional benefit as provided in this subsection together with a partial lump-sum distribution. The amount of the lump-sum distribution under this option shall be equal to the maximum monthly benefit multiplied by twelve (12), twenty-four (24) or thirty-six (36) as selected by the member. The maximum retirement benefit shall be actuarially reduced to reflect the amount of the lump-sum distribution selected and further reduced for any other optional benefit selected. The annuity and lump-sum distribution shall be computed to result in no actuarial loss to the system. The lump-sum distribution shall be made as a single payment payable at the time the first monthly annuity payment is paid to the retiree. The amount of the lump-sum distribution shall be deducted from the member's annuity savings account in computing what contributions remain at the death of the retiree and/or a beneficiary. The lump-sum distribution option may be elected only once by a member upon initial retirement, and may not be elected by a retiree, by

members applying for a disability retirement annuity, or by survivors.

(2) No change in the option selected shall be permitted after the member's death or after the member has received his or her first retirement check except as provided in subsections (3) and (4) of this section and in Section 25-11-127. Members who are pursuing a disability retirement allowance and simultaneously or later elect to begin to receive a service retirement allowance while continuing to pursue a disability retirement allowance, shall not be eligible to select Option 6 and that option may not be selected at a later time if the application for a disability retirement allowance is voided or denied. However, any retired member who is receiving a retirement allowance under Option 2 or Option 4-A upon July 1, 1992, and whose designated beneficiary predeceased him or her or whose marriage to a spouse who is his or her designated beneficiary is terminated by divorce or other dissolution, upon written notification to the retirement system of the death of the designated beneficiary or of the termination of the retired member's marriage to the designated beneficiary, the retirement allowance payable to the member after receipt of that notification by the retirement system shall be equal to the retirement allowance that would have been payable if the member had not elected the option. In addition, any retired member who is receiving the maximum retirement allowance for life, a retirement allowance under Option 1 or who is receiving a

retirement allowance under Option 2 or Option 4-A on July 1, 1992, may elect to provide survivor benefits under Option 2 or Option 4-A to a spouse who was not previously the member's beneficiary and whom the member married before July 1, 1992.

(3) Any retired member who is receiving a reduced retirement allowance under Option 2, Option 4 or Option 4-A whose designated beneficiary predeceases him or her, or whose marriage to a spouse who is his or her designated beneficiary is terminated by divorce or other dissolution, may elect to cancel the reduced retirement allowance and receive the maximum retirement allowance for life in an amount equal to the amount that would have been payable if the member had not elected Option 2, Option 4 or Option 4-A. That election must be made in writing to the office of the executive director of the system on a form prescribed by the board. Any such election shall be effective the first of the month following the date the election is received by the system; however, the election may be applied retroactively for not more than three (3) months but no earlier than the first of the month following the date of the death of the beneficiary.

(4) Any retired member who is receiving the maximum retirement allowance for life, or a retirement allowance under Option 1, and who marries after his or her retirement may elect to cancel the maximum retirement allowance and receive a reduced retirement allowance under Option 2, Option 4 or Option 4-A to provide continuing lifetime benefits to his or her spouse. That

election must be made in writing to the office of the executive director of the system on a form prescribed by the board not earlier than the date of the marriage and not later than one (1) year from the date of the marriage. Any such election shall be effective the first of the month following the date the election is received by the system.

(5) (a) Except as otherwise provided in this subsection, if the election of an optional benefit is made after the member has attained the age of sixty-five (65) years, the actuarial equivalent factor shall be used to compute the reduced retirement allowance as if the election had been made on his or her sixty-fifth birthday; however, from and after January 1, 2003, if there is an election of Option 6 after the member has attained the age of sixty-five (65) years, the actuarial equivalent factor based on the retiree's age at the time of retirement shall be used to compute the reduced maximum monthly retirement allowance. However, if a retiree marries or remarries after retirement and elects either Option 2 or Option 4-A as provided in subsection (2) or (4) of this section, the actuarial equivalent factor used to compute the reduced retirement allowance shall be the factor for the age of the retiree and his or her beneficiary at the time such election for recalculation of benefits is made.

(b) For members who retire on or after July 1, 2012, the actuarial equivalent factor used to compute the reduced retirement allowance at retirement or upon any subsequent

recalculation of the benefit shall be the factor for the age of the retiree and his or her beneficiary at the time of retirement or at the time an election for recalculation of benefits is made.

(6) Notwithstanding any provision of Section 25-11-1 et seq., no payments may be made for a retirement allowance on a monthly basis for a period of time in excess of that allowed by federal law.

(7) If a retirant and his or her eligible beneficiary, if any, both die before they have received in annuity payments a total amount equal to the accumulated contributions standing to the retirant's credit in the annuity savings account at the time of his or her retirement, the difference between the accumulated contributions and the total amount of annuities received by them shall be paid to such persons as the retirant has nominated by written designation duly executed and filed in the office of the executive director. If no designated person survives the retirant and his or her beneficiary, the difference, if any, shall be paid under Section 25-11-117 1(1).

(8) Any retired member who retired on Option 2(5) or 4-A(5) before July 1, 1992, who is still receiving a retirement allowance on July 1, 1994, shall receive an increase in the annual retirement allowance effective July 1, 1994, equal to the amount they would have received under Option 2 or Option 4-A without a reduction for Option 5 based on the ages at retirement of the

retiree and beneficiary and option factors in effect on July 1, 1992. That increase shall be prospective only.

SECTION 14. Section 25-11-117, Mississippi Code of 1972, is amended as follows:

25-11-117. (1) A member may be paid a refund of the amount of accumulated contributions to the credit of the member in the annuity savings account, provided that the member has withdrawn from state service and has not returned to state service on the date the refund of the accumulated contributions would be paid. That refund of the contributions to the credit of the member in the annuity savings account shall be paid within ninety (90) days from receipt in the office of the retirement system of the properly completed form requesting the payment. In the event of death before retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the accumulated contributions to the credit of the deceased member in the annuity savings account shall be paid to the designated beneficiary on file in writing in the office of the executive director of the board of trustees within ninety (90) days from receipt of a properly completed form requesting the payment. If there is no such designated beneficiary on file for the deceased member in the office of the system, upon the filing of a proper request with the board, the contributions to the credit of the deceased member in the annuity savings account shall be refunded under Section 25-11-117.1(1). The payment of the refund shall discharge all

obligations of the retirement system to the member on account of any creditable service rendered by the member before the receipt of the refund. By the acceptance of the refund, the member shall waive and relinquish all accrued rights in the system.

(2) Under the Unemployment Compensation Amendments of 1992 (Public Law 102-318 (UCA)), a member or the spouse of a member who is an eligible beneficiary entitled to a refund under this section may elect, on a form prescribed by the board under rules and regulations established by the board, to have an eligible rollover distribution of accumulated contributions payable under this section paid directly to an eligible retirement plan, as defined under applicable federal law, or an individual retirement account. If the member or the spouse of a member who is an eligible beneficiary makes that election and specifies the eligible retirement plan or individual retirement account to which the distribution is to be paid, the distribution will be made in the form of a direct trustee-to-trustee transfer to the specified eligible retirement plan. A nonspouse beneficiary may elect to have an eligible rollover distribution paid in the form of a direct trustee-to-trustee transfer to an individual retirement account established to receive the distribution on behalf of the nonspouse beneficiary. Flexible rollovers under this subsection shall not be considered assignments under Section 25-11-129.

(3) (a) If any person who became a member of the system before July 1, 2007, has received a refund, reenters the state

service and again becomes a member of the system, the member may repay all or part of the amounts previously received as a refund, together with regular interest covering the period from the date of refund to the date of repayment; however, the amounts that are repaid by the member and the creditable service related thereto shall not be used in any benefit calculation or determination until the member has remained a contributor to the system for a period of at least four (4) years after the member's reentry into state service. Repayment for that time shall be made in increments of not less than one-quarter ($1/4$) year of creditable service beginning with the most recent service for which refund has been made. Upon the repayment of all or part of that refund and interest, the member shall again receive credit for the period of creditable service for which full repayment has been made to the system.

(b) If any person who became a member of the system on or after July 1, 2007, has received a refund, reenters the state service and again becomes a member of the system, the member may repay all or part of the amounts previously received as a refund, together with regular interest covering the period from the date of refund to the date of repayment; however, the amounts that are repaid by the member and the creditable service related thereto shall not be used in any benefit calculation or determination until the member has remained a contributor to the system for a period of at least eight (8) years after the member's reentry into

state service. Repayment for that time shall be made in increments of not less than * * * one (1) month of creditable service beginning with the most recent service for which refund has been made. Upon the repayment of all or part of that refund and interest, the member shall again receive credit for the period of creditable service for which full repayment has been made to the system.

(4) (a) In order to provide a source of income to members who have applied for disability benefits under Section 25-11-113 or 25-11-114, the board may provide, at the employee's election, a temporary benefit to be paid from the member's accumulated contributions, if any, without forfeiting the right to pursue disability benefits, provided that the member has exhausted all personal and medical leave and has terminated his or her employment. The board may prescribe rules and regulations for carrying out the provisions of this subsection (4).

(b) If a member who has elected to receive temporary benefits under this subsection later applies for a refund of his or her accumulated contributions, all amounts paid under this subsection shall be deducted from the accumulated contributions and the balance will be paid to the member. If a member who has elected to receive temporary benefits under this subsection is later approved for a disability retirement allowance, and a service retirement allowance or survivor benefits are paid on the account, the board shall adjust the benefits in such a manner that

no more than the actuarial equivalent of the benefits to which the member or beneficiary was or is entitled shall be paid.

(c) The board may study, develop and propose a disability benefit structure, including short- and long-term disability benefits, provided that it is the actuarial equivalent of the benefits currently provided in Section 25-11-113 or 25-11-114.

SECTION 15. Section 25-11-311, Mississippi Code of 1972, is amended as follows:

25-11-311. (1) A member may be paid a refund of the amount of accumulated contributions to the credit of the member in the annuity savings account, provided the member has withdrawn from state service and further provided the member has not returned to state service on the date the refund of the accumulated contributions would be paid. The refund of the contributions to the credit of the member in the annuity savings account shall be paid within ninety (90) days from receipt in the office of the retirement system of the properly completed form requesting that payment. In the event of death before retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the accumulated contributions to the credit of the deceased member in the annuity savings account shall be paid to the designated beneficiary on file in writing in the office of the executive director of the board of trustees within ninety (90) days from receipt of a properly completed form requesting that

payment. If there is no such designated beneficiary on file for the deceased member in the office of the system, upon the filing of a proper request with the board, the contributions to the credit of the deceased member in the annuity savings account shall be refunded under Section 25-11-311.1(1). The payment of the refund shall discharge all obligations of the retirement system to the member on account of any creditable service rendered by the member before the receipt of the refund. By the acceptance of the refund, the member shall waive and relinquish all accrued rights in the plan.

(2) Pursuant to the Unemployment Compensation Amendments of 1992 (Public Law 102-318 (USCS)), a member or the spouse of a member who is an eligible beneficiary making application for a refund under this section may elect, on a form prescribed by the board under rules and regulations established by the board, to have an eligible rollover distribution of accumulated contributions payable under this section paid directly to an eligible retirement plan, as defined under applicable federal law, or an individual retirement account. If the member or the spouse of a member who is an eligible beneficiary makes that election and specifies the eligible retirement plan or individual retirement account to which the distribution is to be paid, the distribution will be made in the form of a direct trustee-to-trustee transfer to the specified eligible retirement plan. A nonspouse beneficiary may elect to have an eligible rollover distribution of

accumulated contributions paid in the form of a direct trustee-to-trustee transfer to an individual retirement account established to receive the distribution on behalf of the nonspouse beneficiary. Flexible rollovers under this subsection shall not be considered assignments under Section 25-11-129.

(3) (a) If any person who became a member of the system before July 1, 2007, has received a refund, is reelected to the Legislature or as President of the Senate and again becomes a member of the plan, the member may repay all or part of the amounts previously received as a refund, together with regular interest covering the period from the date of refund to the date of repayment; however, the amounts that are repaid by the member and the creditable service related thereto shall not be used in any benefit calculation or determination until the member has remained a contributor to the system for a period of at least four (4) years after the member's reentry into state service.

Repayment for that time shall be made in increments of not less than one-quarter (1/4) year of creditable service beginning with the most recent service for which refund has been made. Upon the repayment of all or part of that refund and interest, the member shall again receive credit for the period of creditable service for which full repayment has been made to the system.

(b) If any person who became a member of the system on or after July 1, 2007, has received a refund, reenters the state service and again becomes a member of the system, the member may

repay all or part of the amount previously received as a refund, together with regular interest covering the period from the date of refund to the date of repayment; however, the amounts that are repaid by the member and the creditable service related thereto shall not be used in any benefit calculation or determination until the member has remained a contributor to the system for a period of at least eight (8) years after the member's reentry into state service. Repayment for that time shall be made in increments of not less than * * * one (1) month of creditable service beginning with the most recent service for which refund has been made. Upon the repayment of all or part of that refund and interest, the member shall again receive credit for the period of creditable service for which full repayment has been made to the system.

SECTION 16. Section 25-13-21, Mississippi Code of 1972, is amended as follows:

25-13-21. In the event a highway patrolman ceases to work for the Highway Safety Patrol for any reason other than occupational disease contracted or for any accident sustained by the patrolman by reason of his service or discharge of his duty in the Highway Patrol, and if the highway patrolman is not eligible for retirement either for service or disability, he shall be refunded the amount of his total contribution under the provisions of this chapter, including any credit transferred to his account in this system from any other system, at his request; and should

he die before retirement, his total contribution is to be refunded to any beneficiary he may name. If there is no surviving designated beneficiary, the contributions to the credit of the deceased member shall be refunded pursuant to Section 25-13-21.1(1).

Pursuant to the Unemployment Compensation Amendments of 1992 (Public Law 102-318 (UCA)), a member or the spouse of a member who is an eligible beneficiary entitled to a refund under this section may elect, on a form prescribed by the board under rules and regulations established by the board, to have an eligible rollover distribution of accumulated contributions payable under this section paid directly to an eligible retirement plan, as defined under applicable federal law, or an individual retirement account. If the member or the spouse of a member who is an eligible beneficiary makes that election and specifies the eligible retirement plan or individual retirement account to which the distribution is to be paid, the distribution will be made in the form of a direct trustee-to-trustee transfer to the specified eligible retirement plan. A nonspouse beneficiary may elect to have an eligible rollover distribution paid in the form of a direct trustee-to-trustee transfer to an individual retirement account established to receive the distribution on behalf of the nonspouse beneficiary. Flexible rollovers under this subsection shall not be considered assignments under Section 25-13-31.

If any highway patrolman who receives a refund reenters the service of the Highway Safety Patrol and again becomes a member of the system, he may repay all amounts previously received by him as a refund, together with regular interest covering the period from the date of refund to the date of repayment; however, the amounts that are repaid by the member and the creditable service related thereto shall not be used in any benefit calculation or determination until the member has remained a contributor to the system for a period of at least five (5) years after the member's reentry into state service. Repayment for such time shall be made in increments of not less than * * * one (1) month of creditable service beginning with the most recent service for which refund has been made. Upon the repayment of all or part of the refund and interest, the highway patrolman shall again receive credit for the period of creditable service for which full repayment has been made to the system.

SECTION 17. Section 25-13-11, Mississippi Code of 1972, is amended as follows:

25-13-11. (1) Any member upon withdrawal from service, upon or after attainment of the age of fifty-five (55) years, who has completed at least five (5) years of creditable service, or any member upon withdrawal from service upon or after attainment of the age of forty-five (45) years, who has completed at least twenty (20) years of creditable service, or any member upon withdrawal from service, regardless of age, who has completed at

least twenty-five (25) years of creditable service, shall be entitled to receive a retirement allowance, which shall be payable the first of the month following receipt of the member's application in the Office of the Executive Director of the Public Employees' Retirement System, but in no event before withdrawal from service.

Any member whose withdrawal from service occurs before attaining the age of fifty-five (55) years, who has completed more than five (5) years of creditable service and has not received a refund of the member's accumulated contributions, shall be entitled to receive a retirement allowance beginning upon his attaining the age of fifty-five (55) years of the amount earned and accrued at the date of withdrawal from service.

The annual amount of the retirement allowance shall consist of:

(a) A member's annuity, which shall be the actuarial equivalent of the accumulated contributions of the member at the time of retirement, computed according to the actuarial table in use by the system.

(b) An employer's annuity which, together with the member's annuity provided above, shall be equal to two and one-half percent (2-1/2%) of the average compensation, based on the four (4) highest consecutive years, for each year of membership service.

(c) A prior service annuity equal to two and one-half percent (2-1/2%) of the average compensation, based on the four (4) highest consecutive years, for each year of prior service for which the member is allowed credit.

(d) In the case of retirement of any member prior to attaining the age of fifty-five (55) years, the retirement allowance shall be computed in accordance with the formula hereinabove set forth in this section, except that the employer's annuity and prior service annuity above described shall be reduced * * * by an actuarially determined percentage factor for each year of age below fifty-five (55) years, or * * * for each year of service below twenty-five (25) years of creditable service, whichever is lesser.

(e) Upon retiring from service, a member shall be eligible to obtain retirement benefits, as computed above, for life, except that the aggregate amount of the employer's annuity and prior service annuity above described shall not exceed more than one hundred percent (100%) of the average compensation regardless of the years of service.

(f) Any member in the service who has attained the age of sixty-three (63) years shall be retired immediately. However, any member who has attained age sixty-three (63) may ask the Commissioner of Public Safety to allow him to continue in service with the Mississippi Highway Safety Patrol beyond age sixty-three (63). If the commissioner determines that the member's

continuance in service would be advantageous to the Highway Safety Patrol because of his expert knowledge, experience or qualifications, the member shall be allowed to continue in service beyond age sixty-three (63) for a period of one (1) year. After the initial one-year continuance, the commissioner may authorize the member to continue in service for another period of one (1) year until the member attains age sixty-five (65), at which time retirement shall be mandatory.

(g) Notwithstanding any provision of this chapter pertaining to the Mississippi Highway Safety Patrol Retirement System, no payments may be made for a retirement allowance on a monthly basis for a period of time in excess of that allowed by any applicable federal law.

(h) In no case shall any retired member who has completed at least fifteen (15) years of creditable service receive less than Five Hundred Dollars (\$500.00) per month; in no case shall any retired member who has completed ten (10) or more years of creditable service, but less than fifteen (15) years of creditable service, receive less than Three Hundred Dollars (\$300.00) per month; and in no case shall any retired member who has completed less than ten (10) years of creditable service receive less than Two Hundred Fifty Dollars (\$250.00) per month. In no case shall a beneficiary who is receiving a retirement allowance receive less than Two Hundred Fifty Dollars (\$250.00) per month or Three Thousand Dollars (\$3,000.00) per year.

(i) Any retired member who is receiving a retirement allowance on July 1, 1999, shall receive an ad hoc increase in the annual retirement allowance equal to Three Dollars and Fifty Cents (\$3.50) per month for each full fiscal year through June 30, 1999, that the member has actually drawn retirement payments from the date of retirement, or the date of last retirement if there is more than one (1) retirement date, plus an amount equal to One Dollar (\$1.00) per month for each full year of creditable service and proportionately for each quarter year of creditable service, as documented by the system and on which benefits are being paid. If there are multiple beneficiaries receiving a retirement allowance from a deceased member's account, the ad hoc increase shall be divided proportionately.

(2) (a) A retiree or beneficiary may, on a form prescribed by and filed with the Executive Director of the Public Employees' Retirement System, irrevocably waive all or a portion of any benefits from the plan to which the retiree or beneficiary is entitled. The waiver shall be binding on the heirs and assigns of any retiree or beneficiary and the same must agree to forever hold harmless the Highway Safety Patrol Retirement System and the Public Employees' Retirement System from any claim to the waived retirement benefits.

(b) Any waiver under this subsection shall apply only to the person executing the waiver. A beneficiary shall be entitled to benefits according to the option selected by the

member at the time of retirement; however, a beneficiary may execute a waiver of benefits under this subsection.

(c) The Highway Safety Patrol Retirement System shall retain all amounts that are not used to pay benefits because of a waiver executed under this subsection.

(d) The Board of Trustees of the Public Employees' Retirement System may provide rules and regulations for the administration of waivers under this subsection.

SECTION 18. Section 25-11-141, Mississippi Code of 1972, is amended as follows:

* * *

25-11-141. The board of trustees may enter into an agreement with insurance companies, hospital service associations, medical or health care corporations, health maintenance organizations, or government agencies authorized to do business in the state for issuance of a policy or contract of life, health, medical, hospital or surgical benefits, or any combination thereof, for those persons receiving a service, disability or survivor retirement allowance from any system administered by the board. Notwithstanding any other provision of this chapter, the policy or contract also may include coverage for the spouse and dependent children of such eligible person and for such sponsored dependents as the board considers appropriate. If all or any portion of the policy or contract premium is to be paid by any person receiving a service, disability or survivor retirement allowance, such person

shall, by written authorization, instruct the board to deduct from the retirement allowance the premium cost and to make payments to such companies, associations, corporations or agencies.

The board may contract for such coverage on the basis that the cost of the premium for the coverage will be paid by the person receiving a retirement allowance.

The board is authorized to accept bids for such optional coverage and benefits and to make all necessary rules pursuant to the purpose and intent of this section.

* * *

SECTION 19. Section 25-15-3, Mississippi Code of 1972, is amended as follows:

* * *

25-15-3. For the purposes of this article, the words and phrases used herein shall have the following meanings:

(a) "Employee" means a person who works full time for the State of Mississippi and receives his compensation in a direct payment from a department, agency or institution of the state government and any person who works full time for any school district, community/junior college, public library or university-based program authorized under Section 37-23-31 for deaf, aphasic and emotionally disturbed children or any regular nonstudent bus driver. This shall include legislators, employees of the legislative branch and the judicial branch of the state and "employees" shall include full-time salaried judges and full-time

district attorneys and their staff and full-time compulsory school attendance officers. For the purposes of this article, any "employee" making contributions to the State of Mississippi retirement plan shall be considered a full-time employee.

(b) "Department" means the Department of Finance and Administration.

(c) "Plan" means the State and School Employees Life and Health Insurance Plan created under this article.

(d) "Fund" means the State and School Employees Insurance Fund set up under this article.

(e) "Retiree" means any employee retired under the Mississippi retirement plan.

(f) "Board" means the State and School Employees Health Insurance Management Board created under Section 25-15-303.

* * *

SECTION 20. Section 25-15-9, Mississippi Code of 1972, is amended as follows:

* * *

25-15-9. (1) (a) The board shall design a plan of health insurance for state employees that provides benefits for semiprivate rooms in addition to other incidental coverages that the board deems necessary. The amount of the coverages shall be in such reasonable amount as may be determined by the board to be adequate, after due consideration of current health costs in Mississippi. The plan shall also include major medical benefits

in such amounts as the board determines. The plan shall provide for coverage for telemedicine services as provided in Section 83-9-351. The board is also authorized to accept bids for such alternate coverage and optional benefits as the board deems proper. The board is authorized to accept bids for surgical services that include assistance in locating a surgeon, setting up initial consultation, travel, a negotiated single case rate bundle and payment for orthopedic, spine, bariatric, cardiovascular and general surgeries. The surgical services may only utilize surgeons and facilities located in the State of Mississippi unless otherwise provided by the board. Any contract for alternative coverage and optional benefits shall be awarded by the board after it has carefully studied and evaluated the bids and selected the best and most cost-effective bid. The board may reject all of the bids; however, the board shall notify all bidders of the rejection and shall actively solicit new bids if all bids are rejected. The board may employ or contract for such consulting or actuarial services as may be necessary to formulate the plan, and to assist the board in the preparation of specifications and in the process of advertising for the bids for the plan. Those contracts shall be solicited and entered into in accordance with Section 25-15-5. The board shall keep a record of all persons, agents and corporations who contract with or assist the board in preparing and developing the plan. The board in a timely manner shall provide copies of this record to the members of the advisory

council created in this section and those legislators, or their designees, who may attend meetings of the advisory council. The board shall provide copies of this record in the solicitation of bids for the administration or servicing of the self-insured program. Each person, agent or corporation that, during the previous fiscal year, has assisted in the development of the plan or employed or compensated any person who assisted in the development of the plan, and that bids on the administration or servicing of the plan, shall submit to the board a statement accompanying the bid explaining in detail its participation with the development of the plan. This statement shall include the amount of compensation paid by the bidder to any such employee during the previous fiscal year. The board shall make all such information available to the members of the advisory council and those legislators, or their designees, who may attend meetings of the advisory council before any action is taken by the board on the bids submitted. The failure of any bidder to fully and accurately comply with this paragraph shall result in the rejection of any bid submitted by that bidder or the cancellation of any contract executed when the failure is discovered after the acceptance of that bid. The board is authorized to promulgate rules and regulations to implement the provisions of this subsection.

The board shall develop plans for the insurance plan authorized by this section in accordance with the provisions of Section 25-15-5.

Any corporation, association, company or individual that contracts with the board for the third-party claims administration of the self-insured plan shall prepare and keep on file an explanation of benefits for each claim processed. The explanation of benefits shall contain such information relative to each processed claim that the board deems necessary, and, at a minimum, each explanation shall provide the claimant's name, claim number, provider number, provider name, service dates, type of services, amount of charges, amount allowed to the claimant and reason codes. The information contained in the explanation of benefits shall be available for inspection upon request by the board. The board shall have access to all claims information utilized in the issuance of payments to employees and providers.

(b) There is created an advisory council to advise the board in the formulation of the State and School Employees Health Insurance Plan. The council shall be composed of the State Insurance Commissioner, or his designee, an employee-representative of the institutions of higher learning appointed by the board of trustees thereof, an employee-representative of the Department of Transportation appointed by the director thereof, an employee-representative of the Department of Revenue appointed by the Commissioner of

Revenue, an employee-representative of the Mississippi Department of Health appointed by the State Health Officer, an employee-representative of the Mississippi Department of Corrections appointed by the Commissioner of Corrections, and an employee-representative of the Department of Human Services appointed by the Executive Director of Human Services, two (2) certificated public school administrators appointed by the State Board of Education, two (2) certificated classroom teachers appointed by the State Board of Education, a noncertificated school employee appointed by the State Board of Education and a community/junior college employee appointed by the Mississippi Community College Board.

The Lieutenant Governor may designate the Secretary of the Senate, the Chairman of the Senate Appropriations Committee, the Chairman of the Senate Education Committee and the Chairman of the Senate Insurance Committee, and the Speaker of the House of Representatives may designate the Clerk of the House, the Chairman of the House Appropriations Committee, the Chairman of the House Education Committee and the Chairman of the House Insurance Committee, to attend any meeting of the State and School Employees Insurance Advisory Council. The appointing authorities may designate an alternate member from their respective houses to serve when the regular designee is unable to attend the meetings of the council. Those designees shall have no jurisdiction or vote on any matter within the jurisdiction of the council. For

attending meetings of the council, the legislators shall receive per diem and expenses, which shall be paid from the contingent expense funds of their respective houses in the same amounts as provided for committee meetings when the Legislature is not in session; however, no per diem and expenses for attending meetings of the council will be paid while the Legislature is in session. No per diem and expenses will be paid except for attending meetings of the council without prior approval of the proper committee in their respective houses.

(c) No change in the terms of the State and School Employees Health Insurance Plan may be made effective unless the board, or its designee, has provided notice to the State and School Employees Health Insurance Advisory Council and has called a meeting of the council at least fifteen (15) days before the effective date of the change. If the State and School Employees Health Insurance Advisory Council does not meet to advise the board on the proposed changes, the changes to the plan shall become effective at such time as the board has informed the council that the changes shall become effective.

(d) **Medical benefits for retired employees and dependents under age sixty-five (65) years and not eligible for Medicare benefits.** For employees who retire before July 1, 2005, and for employees retiring due to work-related disability under the Public Employees' Retirement System, the same health insurance coverage as for all other active employees and their dependents

shall be available to retired employees and all dependents under age sixty-five (65) years who are not eligible for Medicare benefits, the level of benefits to be the same level as for all other active participants. For employees who retire on or after July 1, 2005, and not retiring due to work-related disability under the Public Employees' Retirement System, the same health insurance coverage as for all other active employees and their dependents shall be available to those retiring employees and all dependents under age sixty-five (65) years who are not eligible for Medicare benefits only if the retiring employees were participants in the State and School Employees Health Insurance Plan for four (4) years or more before their retirement, the level of benefits to be the same level as for all other active participants. This section will apply to those employees who retire due to one hundred percent (100%) medical disability as well as those employees electing early retirement.

(e) Medical benefits for retired employees and dependents over age sixty-five (65) years or otherwise eligible for Medicare benefits. For employees who retire before July 1, 2005, and for employees retiring due to work-related disability under the Public Employees' Retirement System, the health insurance coverage available to retired employees over age sixty-five (65) years or otherwise eligible for Medicare benefits, and all dependents over age sixty-five (65) years or otherwise eligible for Medicare benefits, shall be the major medical

coverage. For employees retiring on or after July 1, 2005, and not retiring due to work-related disability under the Public Employees' Retirement System, the health insurance coverage described in this paragraph (e) shall be available to those retiring employees only if they were participants in the State and School Employees Health Insurance Plan for four (4) years or more and are over age sixty-five (65) years or otherwise eligible for Medicare benefits, and to all dependents over age sixty-five (65) years or otherwise eligible for Medicare benefits. Benefits shall be reduced by Medicare benefits as though the Medicare benefits were the base plan.

All covered individuals shall be assumed to have full Medicare coverage, Parts A and B; and any Medicare payments under both Parts A and B shall be computed to reduce benefits payable under this plan.

(f) Lifetime maximum: The lifetime maximum amount of benefits payable under the health insurance plan for each participant is Two Million Dollars (\$2,000,000.00).

(2) Nonduplication of benefits - reduction of benefits by Title XIX benefits: When benefits would be payable under more than one (1) group plan, benefits under those plans will be coordinated to the extent that the total benefits under all plans will not exceed the total expenses incurred.

Benefits for hospital or surgical or medical benefits shall be reduced by any similar benefits payable in accordance with

Title XIX of the Social Security Act or under any amendments thereto, or any implementing legislation.

Benefits for hospital or surgical or medical benefits shall be reduced by any similar benefits payable by workers' compensation.

No health care benefits under the state plan shall restrict coverage for medically appropriate treatment prescribed by a physician and agreed to by a fully informed insured, or if the insured lacks legal capacity to consent by a person who has legal authority to consent on his or her behalf, based on an insured's diagnosis with a terminal condition. As used in this paragraph, "terminal condition" means any aggressive malignancy, chronic end-stage cardiovascular or cerebral vascular disease, or any other disease, illness or condition which physician diagnoses as terminal.

Not later than January 1, 2016, the state health plan shall not require a higher co-payment, deductible or coinsurance amount for patient-administered anti-cancer medications, including, but not limited to, those orally administered or self-injected, than it requires for anti-cancer medications that are injected or intravenously administered by a health care provider, regardless of the formulation or benefit category determination by the plan. For the purposes of this paragraph, the term "anti-cancer medications" has the meaning as defined in Section 83-9-24.

(3) (a) Schedule of life insurance benefits - group term: The amount of term life insurance for each active employee of a department, agency or institution of the state government shall not be in excess of One Hundred Thousand Dollars (\$100,000.00), or twice the amount of the employee's annual wage to the next highest One Thousand Dollars (\$1,000.00), whichever may be less, but in no case less than Thirty Thousand Dollars (\$30,000.00), with a like amount for accidental death and dismemberment on a twenty-four-hour basis. The plan will further contain a premium waiver provision if a covered employee becomes totally and permanently disabled before age sixty-five (65) years. Employees retiring after June 30, 1999, shall be eligible to continue life insurance coverage in an amount of Five Thousand Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty Thousand Dollars (\$20,000.00) into retirement.

(b) Effective October 1, 1999, schedule of life insurance benefits - group term: The amount of term life insurance for each active employee of any school district, community/junior college, public library or university-based program authorized under Section 37-23-31 for deaf, aphasic and emotionally disturbed children or any regular nonstudent bus driver shall not be in excess of One Hundred Thousand Dollars (\$100,000.00), or twice the amount of the employee's annual wage to the next highest One Thousand Dollars (\$1,000.00), whichever may be less, but in no case less than Thirty Thousand Dollars

(\$30,000.00), with a like amount for accidental death and dismemberment on a twenty-four-hour basis. The plan will further contain a premium waiver provision if a covered employee of any school district, community/junior college, public library or university-based program authorized under Section 37-23-31 for deaf, aphasic and emotionally disturbed children or any regular nonstudent bus driver becomes totally and permanently disabled before age sixty-five (65) years. Employees of any school district, community/junior college, public library or university-based program authorized under Section 37-23-31 for deaf, aphasic and emotionally disturbed children or any regular nonstudent bus driver retiring after September 30, 1999, shall be eligible to continue life insurance coverage in an amount of Five Thousand Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty Thousand Dollars (\$20,000.00) into retirement.

(4) Any eligible employee who on March 1, 1971, was participating in a group life insurance program that has provisions different from those included in this article and for which the State of Mississippi was paying a part of the premium may, at his discretion, continue to participate in that plan. The employee shall pay in full all additional costs, if any, above the minimum program established by this article. Under no circumstances shall any individual who begins employment with the state after March 1, 1971, be eligible for the provisions of this subsection.

(5) The board may offer medical savings accounts as defined in Section 71-9-3 as a plan option.

(6) Any premium differentials, differences in coverages, discounts determined by risk or by any other factors shall be uniformly applied to all active employees participating in the insurance plan. It is the intent of the Legislature that the state contribution to the plan be the same for each employee throughout the state.

(7) On October 1, 1999, any school district, community/junior college district or public library may elect to remain with an existing policy or policies of group life insurance with an insurance company approved by the State and School Employees Health Insurance Management Board, in lieu of participation in the State and School Life Insurance Plan. On or after July 1, 2004, until October 1, 2004, any school district, community/junior college district or public library may elect to choose a policy or policies of group life insurance existing on October 1, 1999, with an insurance company approved by the State and School Employees Health Insurance Management Board in lieu of participation in the State and School Life Insurance Plan. The state's contribution of up to fifty percent (50%) of the active employee's premium under the State and School Life Insurance Plan may be applied toward the cost of coverage for full-time employees participating in the approved life insurance company group plan. For purposes of this subsection (7), "life insurance company group

plan" means a plan administered or sold by a private insurance company. After October 1, 1999, the board may assess charges in addition to the existing State and School Life Insurance Plan rates to such employees as a condition of enrollment in the State and School Life Insurance Plan. In order for any life insurance company group plan to be approved by the State and School Employees Health Insurance Management Board under this subsection (7), it shall meet the following criteria:

(a) The insurance company offering the group life insurance plan shall be rated "A-" or better by A.M. Best state insurance rating service and be licensed as an admitted carrier in the State of Mississippi by the Mississippi Department of Insurance.

(b) The insurance company group life insurance plan shall provide the same life insurance, accidental death and dismemberment insurance and waiver of premium benefits as provided in the State and School Life Insurance Plan.

(c) The insurance company group life insurance plan shall be fully insured, and no form of self-funding life insurance by the company shall be approved.

(d) The insurance company group life insurance plan shall have one (1) composite rate per One Thousand Dollars (\$1,000.00) of coverage for active employees regardless of age and one (1) composite rate per One Thousand Dollars (\$1,000.00) of coverage for all retirees regardless of age or type of retiree.

(e) The insurance company and its group life insurance plan shall comply with any administrative requirements of the State and School Employees Health Insurance Management Board. If any insurance company providing group life insurance benefits to employees under this subsection (7) fails to comply with any requirements specified in this subsection or any administrative requirements of the board, the state shall discontinue providing funding for the cost of that insurance.

* * *

SECTION 21. Section 25-15-11, Mississippi Code of 1972, is amended as follows:

* * *

25-15-11. (1) The board is authorized to execute a contract or contracts to provide the benefits under the plan. Such contract or contracts may be executed with one or more corporations or associations licensed to transact life and accident and health insurance business in this state; however, no such contract shall be executed with any corporation, association or company domiciled in any other state except that such corporation, association or company shall meet the conditions and terms for a like contract established by the state of the domicile of such corporation, association or company for a Mississippi corporation, association or company. No corporation, association or company with less than five (5) years' experience in the life and health field may bid. All of the benefits to be provided

under the plan may be included in one or more similar contracts, or the benefits may be classified into different types with each type included under one or more similar contracts issued by the same or different companies.

The board shall supply the statistical information upon which a quotation is to be calculated, upon request, to all carriers licensed in the state. Bids may be accepted at the discretion of the board, and the board shall have the right to adjust rates on an annual basis if the board shall deem such adjustment necessary. The plan for active employees shall be on retention accounting basis, and a separate retention accounting basis shall be used for retired employees. Any additional written information the carrier wishes to submit, supporting the proposed benefits and premium rate, may accompany the proposal. After receiving the proposals, the board shall determine whether to contract with the carrier which has been determined to have submitted the lowest and best bid, or to reject all such bids and receive new proposals.

The board shall authorize any corporation licensed to transact accident and health insurance business in this state issuing any such contract to reinsure portions of such contract with any other such corporation which elected to be a reinsurer and is legally competent to enter into a reinsurance agreement. The board may designate one or more of such corporations as the administering corporation or corporations. Each employee who is covered under any such contract or contracts shall receive a

certificate setting forth the benefits to which the employee is entitled thereunder, to whom such benefits shall be payable, to whom claims should be submitted, and summarizing the provisions of the contract principally affecting the employee. Such certificate shall be in lieu of the certificate which the corporation or corporations issuing such contract or contracts would otherwise issue.

The board may, as of the end of any contract year, discontinue any contract or contracts it has executed with any corporation or corporations and replace it or them with a contract or contracts in any other corporation or corporations meeting the requirements of this section.

The board may reject any and all bids and contracts under this section and may elect for the state to become a self-insurer; however, administration and service of any such self-insured program may be contracted to a third party by the board.

Any contract with a third party to administer the plan shall be bid and entered into in accordance with the procedures provided in Section 25-15-301.

(2) By September 30 of each year, the board shall report to the Joint Legislative Budget Committee, Senate Insurance Committee, House Insurance Committee, Senate Education Committee, House Education Committee and Joint Legislative Committee on Performance Evaluation and Expenditure Review the condition of the State and School Employees Life and Health Insurance Plan. Such

report shall contain for the most recently completed fiscal year, but not be limited to, the following:

(a) The plan's financial condition at the close of the fiscal year.

(b) The history of yearly claims paid and premiums received for each premium class, including, but not limited to, active employees, dependents and retirees.

(c) The history of loss ratios for the active employees, dependents and retirees premium classes as well as historical trend of such ratios. For the purposes of this section, the term "loss ratios" means claims paid by the plan for each premium class divided by premiums received by the plan for insurance coverage of the members in that premium class.

(d) Budgetary information, including:

(i) A detailed breakdown of all expenditures of the plan, administrative and otherwise, for the most recently completed fiscal year and projected expenditures, administrative and otherwise, for the current and next fiscal year;

(ii) A schedule of all contracts, administrative and otherwise, executed for the benefit of the plan during the most recent completed fiscal year and those executed and anticipated for the current fiscal year; and

(iii) A description of the processes used by the board to procure all contracts, administrative and otherwise, as

well as a description of the scope of services to be provided by each contractor.

Budgetary information shall be provided in a format designated by the Joint Legislative Budget Committee.

The Joint Legislative Budget Committee, Senate Insurance Committee, House Insurance Committee, Senate Education Committee, House Education Committee and Joint Legislative Committee on Performance Evaluation and Expenditure Review may request additional information or reports from the board on an as-needed basis.

(3) Annually, the board shall request, and the Department of Audit shall conduct, a comprehensive audit of the State and School Employees Life and Health Insurance Plan. For purposes of this section, the audit required herein shall be separate and distinct from any audit prepared in conjunction with the development of the Comprehensive Annual Financial Report (CAFR).

* * *

SECTION 22. Section 25-15-14, Mississippi Code of 1972, is amended as follows:

* * *

25-15-14. Any elected state or district official who does not run for reelection or who is defeated before being entitled to receive a retirement allowance shall be eligible to continue to participate in the State and School Employees Health Insurance

Plan under the same conditions and coverages for retired employees.

* * *

SECTION 23. Section 25-15-15, Mississippi Code of 1972, is amended as follows:

* * *

25-15-15. (1) The board is authorized to determine the manner in which premiums and contributions by the state agencies, local school districts, colleges, universities, community/junior colleges and public libraries shall be collected to provide the self-insured health insurance program for employees as provided under this article. The state shall provide fifty percent (50%) of the cost of the above life insurance plan for all active full-time employees. The state shall provide one hundred percent (100%) of the cost of the health insurance plan for active full-time employees initially employed before January 1, 2006, except as otherwise provided in this section. For active full-time employees initially employed on or after January 1, 2006, the state shall provide one hundred percent (100%) of the cost of a basic level of health insurance, except as otherwise provided in this section, and the employees may pay additional amounts to purchase additional benefits or levels of coverage offered under the plan. The board, if determined to be necessary, may assess active full-time employees a portion of the active employee premium in an amount not to exceed Twenty Dollars

(\$20.00) per month, notwithstanding any language in this section to the contrary. All active full-time employees shall be given the opportunity to purchase coverage for their eligible dependents with the premiums for such dependent coverage, as well as the employee's fifty percent (50%) share for his life insurance coverage, to be deductible from the employee's salary by the agency, department or institution head, which deductions, together with the fifty percent (50%) share of such life insurance premiums of such employing agency, department or institution head from funds appropriated to or authorized to be expended by the employing agency, department or institution head, shall be deposited directly into a depository bank or special fund in the State Treasury, as determined by the board. These funds and interest earned on these funds may be used for the disbursement of claims and shall be exempt from the appropriation process.

(2) The state shall provide annually, by line item in the Mississippi Library Commission appropriation bill, such funds to pay one hundred percent (100%) of the cost of health insurance under the State and School Employees Health Insurance Plan, or any lesser percentage of the cost that is not assessed to the employees by the board, for full-time library staff members in each public library in Mississippi initially employed before January 1, 2006. For full-time library staff members initially employed on or after January 1, 2006, the state shall provide one hundred percent (100%) of the cost of a basic level of health

insurance under the State and School Employees Health Insurance Plan, or any lesser percentage of the cost that is not assessed to the employees by the board, and the employees may pay additional amounts to purchase additional benefits or levels of coverage offered under the plan. The commission shall allot to each public library a sufficient amount of those funds appropriated to pay the costs of insurance for eligible employees. Any funds so appropriated by line item which are not expended during the fiscal year for which such funds were appropriated shall be carried forward for the same purposes during the next succeeding fiscal year. If any premiums for the health insurance and/or late charges and interest penalties are not paid by a public library in a timely manner, as defined by the board, the Mississippi Library Commission, upon notice by the board, shall immediately withhold all subsequent disbursements of funds to that public library.

(3) The state shall annually provide one hundred percent (100%) of the cost of the health insurance plan, or any lesser percentage of the cost that is not assessed to the employees by the board, for public school district employees who work no less than twenty (20) hours during each week and regular nonstudent school bus drivers, if such employees and school bus drivers were initially employed before January 1, 2006. For such employees and school bus drivers initially employed on or after January 1, 2006, the state shall provide one hundred percent (100%) of the cost of a basic level of health insurance under the State and School

Employees Health Insurance Plan, or any lesser percentage of the cost that is not assessed to the employees by the board, and the employees may pay additional amounts to purchase additional benefits or levels of coverage offered under the plan. Where federal funding is allowable to defray, in full or in part, the cost of participation in the program by district employees who work no less than twenty (20) hours during the week and regular nonstudent bus drivers, whose salaries are paid, in full or in part, by federal funds, the allowance under this section shall be reduced to the extent of such federal funding. Where the use of federal funds is allowable but not available, it is the intent of the Legislature that school districts contribute the cost of participation for such employees from local funds, except that parent fees for child nutrition programs shall not be increased to cover such cost.

(4) The state shall provide annually, by line item in the community/junior college appropriation bill, such funds to pay one hundred percent (100%) of the cost of the health insurance plan, or any lesser percentage of the cost that is not assessed to the employees by the board, for community/junior college district employees initially employed before January 1, 2006, who work no less than twenty (20) hours during each week. For such employees initially employed on or after January 1, 2006, the state shall provide one hundred percent (100%) of the cost of a basic level of health insurance under the State and School Employees Health

Insurance Plan, or any lesser percentage of the cost that is not assessed to the employees by the board, and the employees may pay additional amounts to purchase additional benefits or levels of coverage offered under the plan.

(5) When the use of federal funding is allowable to defray, in full or in part, the cost of participation in the insurance plan by community/junior college district employees who work no less than twenty (20) hours during each week, whose salaries are paid, in full or in part, by federal funds, the allowance under this section shall be reduced to the extent of the federal funding. Where the use of federal funds is allowable but not available, it is the intent of the Legislature that community/junior college districts contribute the cost of participation for such employees from local funds.

(6) Any community/junior college district may contribute to the cost of coverage for any district employee from local community/junior college district funds, and any public school district may contribute to the cost of coverage for any district employee from nonminimum program funds. Any part of the cost of such coverage for participating employees of public school districts and public community/junior college districts that is not paid by the state shall be paid by the participating employees, which shall be deducted from the salaries of the employees in a manner determined by the board.

(7) Any funds appropriated for the cost of insurance by line item in the community/junior colleges appropriation bill which are not expended during the fiscal year for which such funds were appropriated shall be carried forward for the same purposes during the next succeeding fiscal year.

(8) The board may establish and enforce late charges and interest penalties or other penalties for the purpose of requiring the prompt payment of all premiums for life and health insurance permitted under this chapter. All funds in excess of the amount needed for disbursement of claims shall be deposited in a special fund in the State Treasury to be known as the State and School Employees Insurance Fund. The State Treasurer shall invest all funds in the State and School Employees Insurance Fund and all interest earned shall be credited to the State and School Employees Insurance Fund. Such funds shall be placed with one or more depositories of the state and invested on the first day such funds are available for investment in certificates of deposit, repurchase agreements or in United States Treasury bills or as otherwise authorized by law for the investment of Public Employees' Retirement System funds, as long as such investment is made from competitive offering and at the highest and best market rate obtainable consistent with any available investment alternatives; however, such investments shall not be made in shares of stock, common or preferred, or in any other investments which would mature more than one (1) year from the date of

investment. The board shall have the authority to draw from this fund periodically such funds as are necessary to operate the self-insurance plan or to pay to the insurance carrier the cost of operation of this plan, it being the purpose to limit the amount of participation by the state to fifty percent (50%) of the cost of the life insurance program and not to limit the contracting for additional benefits where the cost will be paid in full by the employee. The state shall not share in the cost of coverage for retired employees.

(9) The board shall also provide for the creation of an Insurance Reserve Fund and funds therein shall be invested by the State Treasurer with all interest earned credited to the State and School Employees Insurance Fund.

(10) Any retired employee electing to purchase retired life and health insurance will have the full cost of such insurance deducted monthly from his State of Mississippi retirement plan check or direct billed for the cost of the premium if the retirement check is insufficient to pay for the premium. If the board determines actuarially that the premium paid by the participating retirees adversely affects the overall cost of the plan to the state, then the board may impose a premium surcharge, not to exceed fifteen percent (15%), upon such participating retired employees who are under the age for Medicare eligibility and who were initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare

eligibility and who were initially employed on or after January 1, 2006, the board may impose a premium surcharge in an amount the board determines actuarially to cover the full cost of insurance.

(11) The board may not impose a premium surcharge or any other premium differential upon any class of participant of the plan based on the use or nonuse of tobacco-related products.

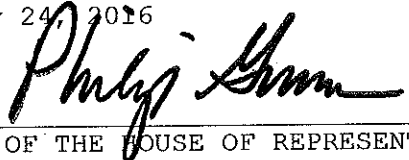
(12) This section shall stand repealed on July 1, 2018.

* * *

SECTION 24. Sections 25-11-143 and 25-11-145, Mississippi Code of 1972, which require the Board of Trustees of the Public Employees' Retirement System to design a plan of health insurance for all current and future retirees and provide when such plan shall be implemented, are repealed.

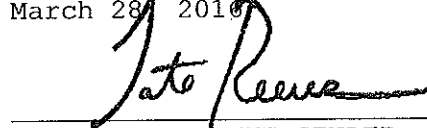
SECTION 25. This act shall take effect and be in force from and after July 1, 2016.

PASSED BY THE HOUSE OF REPRESENTATIVES
February 24, 2016



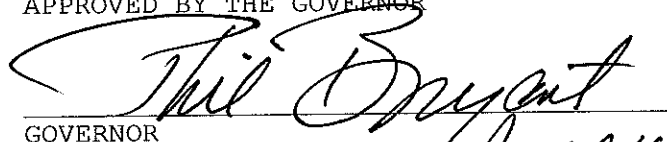
SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE
March 28, 2016



PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR



GOVERNOR

April 11, 2016
8:40pm